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# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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## HEARINGS BEFORE THE SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD EIGHTY-SIXTH CONGRESS FIRST SESSION

PURSUANT TO SENATE RESOLUTION 44, 86TH CONGRESS

---

JUNE 2, 3, 4, 8, 9, 10, AND 11, 1959

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### PART 53

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Printed for the use of the Select Committee on Improper Activities in the  
Labor or Management Field





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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1959

**SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR  
MANAGEMENT FIELD**

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**RUTH YOUNG WATT**, *Chief Clerk*

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# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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TUESDAY, JUNE 2, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 2 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session: Senators McClellan and Capehart.)

The CHAIRMAN. The committee today begins an inquiry into certain activities in Lake County, Ind. During the more than 2 years of the committee's existence, it has on occasion embarked on investigations of improper activities in labor and management only to find itself squarely faced with the problem of public corruption. This was the case in Tennessee, when the committee found evidence that a bribe had been paid to a judge to fix the case of certain officials of the Teamsters Union accused of dynamitings, violence, and other crimes. In Louisiana, the committee found a sheriff working hand-in-glove with a top underworld figure in the jukebox business. In Portland, Oreg., the committee found the district attorney engaged in a conspiracy with certain Teamster officials and underworld figures to control vice and gambling in that city.

Such has again proved to be the case in our investigation into labor union and management activities in the jukebox and pinball operations in Lake County, Ind. I shall not undertake at the outset to characterize in advance the testimony we shall hear, but indications are that the situation in this Indiana county is as critical as any that the committee has heretofore exposed.

The illicit operations which appear to have flourished in Lake County since 1950 would have been impossible without the knowledge, acquiescence, and cooperation of some public officials. Certain segments of the citizenry in this area have attempted to do something

about this situation, but without success. The reason is that when local officials enter into an alliance with the corrupt elements of the community, there is really no one for the citizen to turn to. He simply becomes the victim of such corruption.

Any local area in which there is a breakdown of law enforcement inevitably attracts outside hoodlum figures. This appears to have been the case in Lake County, where in 1954 certain top figures in the Chicago syndicate moved into both the coin-operated machine and restaurant business. The extent to which these Chicago hoodlums had the cooperation and the assistance of a top official of the International Brotherhood of Teamsters to prevent the unionization of their companies will be one of the subjects of this hearing.

The committee must report that the cooperation received from certain public officials in Lake County during this investigation has been less than satisfactory. It is to be hoped that these officials can and will come before the committee and give to it the cooperation that is to be expected of any public official who is charged with law enforcement duties or any other responsibilities of public trust. We shall withhold further comment on this until the hearings have proceeded or been concluded.

Previous hearings of the committee have shown the growing power of the American underworld. These hearings will underline this growing power in conjunction with the corollary fact of public corruption.

The Lake County case will show the effect that hoodlum domination of an industry has on a labor union operating in that industry. It will also show the problems faced by legitimate businessmen when they must compete with hoodlum-dominated companies who have the active backing of public officials.

Senator Capehart, do you have any statement?

Senator CAPEHART. No, thank you.

The CHAIRMAN. Call the first witness, Mr. Kennedy.

Mr. KENNEDY. Mr. Testo.

The CHAIRMAN. Mr. Testo, will you come around, please? Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TESTO. I do.

### TESTIMONY OF JOHN TESTO

The CHAIRMAN. Mr. Testo, will you state your name, your place of residence, and your business or occupation, please.

Mr. TESTO. My name is John Testo, and I live at 608 Van Buren Street, Gary, Ind. As to my occupation, I have been in the American Federation of Labor all of my life.

The CHAIRMAN. That is, you have been a member since you started working, I guess.

Mr. TESTO. Yes, sir.

The CHAIRMAN. That is what you mean?

Mr. TESTO. Yes. I have been working in the trade all of my life. I am a marble and tilesetter and terrazzo operator.

Mr. KENNEDY. You are a member of the Terrazzo Union and practice that trade at the present time?

Mr. TESTO. Yes, sir.

Mr. KENNEDY. And you have been in a labor union all of your life either as an officer or as a member?

Mr. TESTO. Well, I was working and I was officer and I have been a member of the organization.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, Mr. Testo, you headed the Coin Operators Service and Repairmen's Union in Gary, Ind., from 1947 until you resigned in 1957?

Mr. TESTO. Yes, sir.

The CHAIRMAN. That was a period of about 10 years?

Mr. TESTO. Well, it was before that. It was pretty close to 14 years.

The CHAIRMAN. You must have started before 1947.

Mr. TESTO. That is right.

Mr. KENNEDY. The particular union that we are interested in is the Coin Operators Service and Repairmen's Union in Gary, Ind. You started heading that in 1947?

Mr. TESTO. Yes, but I worked before, and that was the time when we were granted a charter for that type of work.

Mr. KENNEDY. Now, going through your background, in February of 1951, you started your own national independent union, the Automatic Equipment and Coin Machine Operators Service and Repairmen; is that right?

Mr. TESTO. That is correct.

Mr. KENNEDY. That was a national union?

Mr. TESTO. That is correct.

Mr. KENNEDY. And in February of 1952, you became affiliated with the national union, and at that time you received the name of Local No. 1 of the Automatic Equipment and Coin Machine Operators Service and Repairmen's Union; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. They were issued a charter, or local No. 1 was issued a charter in February of 1952?

Mr. TESTO. That is right.

Mr. KENNEDY. Now, during the period of 1952 to July of 1957, nine additional charters were issued by you throughout the country; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. Local No. 2 was a charter that operated in Chicago and Cook County and vicinity?

Mr. TESTO. That is right.

Mr. KENNEDY. And that was ultimately taken over by certain of the underworld element in Chicago, and you withdrew that charter; is that right?

Mr. TESTO. I withdrew the charter.

Mr. KENNEDY. There were some bad people who came in and took it over?

Mr. TESTO. That is right.

Mr. KENNEDY. Ultimately that local No. 2 charter was given out in Los Angeles?

Mr. TESTO. That is correct.

Mr. KENNEDY. You formed a union out in Los Angeles?

Mr. TESTO. That is correct.

Mr. KENNEDY. And then local No. 3 was another charter that lasted just a very short period of time in Chicago and Cook County?

Mr. TESTO. That is correct.

Mr. KENNEDY. And then local No. 4 in Eugene, Oreg.; local No. 5 in Lake Geneva, Wis.; local No. 6 in Buchanan, Mich.; local No. 7 in Boston, Mass.; local No. 8 in Manchester, N.H.; local No. 9 in Fort Wayne, Ind.; and local No. 10 in Knoxville, Tenn.; is that correct?

Mr. TESTO. That is right.

Mr. KENNEDY. And for the most part this was a question of the local union distributing labels; is that correct?

Mr. TESTO. Well, they supplied the organization, to keep the organization up.

Mr. KENNEDY. What you would do as international officer is supply them with labels?

Mr. TESTO. I never supplied them myself. The secretary of the international supplied them.

Mr. KENNEDY. The international would supply these locals with labels?

Mr. TESTO. Yes, sir.

Mr. KENNEDY. And a number of them had only maybe 5 or 10 members, but they would have thousands of labels that they would have for distribution purposes?

Mr. TESTO. I suppose that they bought the label according to the machine that they got.

Mr. KENNEDY. But they would have the labels that they could distribute among the machines in their particular area; is that correct?

Mr. TESTO. Yes.

Mr. KENNEDY. Now, there is just one other matter that I wanted to clear up with you.

In February of 1956, you had a conversation with a man by the name of Matt Mendyke; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. And at that time you wanted to raise some money, and so you spoke to Mr. Mendyke who had been a friend of yours, that you could get him made general secretary-treasurer of the national union if he would make an investment in the union; is that right?

Mr. TESTO. We were broke, and we couldn't operate and so he promised to come in.

Mr. KENNEDY. So he was going to come in. He was going to make an investment and he ultimately did make an investment of some \$8,600, is that right, some \$8,625?

Mr. TESTO. Something like that.

Mr. KENNEDY. He made that investment in the union and in turn you were going to make him secretary-treasurer of the national union?

Mr. TESTO. Not me. It was the executive board of the international.

Mr. KENNEDY. The executive board would make it?

Mr. TESTO. Yes, sir.

Mr. KENNEDY. Did the executive board ultimately make him secretary-treasurer?

Mr. TESTO. That is right.

The CHAIRMAN. Did that money go in to the union treasurer, the money that he invited?

Mr. TESTO. Every nickel of it has been used, Senator.

Mr. KENNEDY. It was all turned over in the form of cash; is that right?

Mr. TESTO. Yes; I think so, because I never handled the money myself.

Mr. KENNEDY. Who handled the money?

Mr. TESTO. He came over to the house and gave it to Mrs. Testo.

Mr. KENNEDY. Your wife; is that right?

Mr. TESTO. Yes, sir.

Mr. KENNEDY. The money was turned over to your wife?

Mr. TESTO. Yes, sir.

Mr. KENNEDY. But all of this money ended up in the union treasury?

Mr. TESTO. What is that?

Mr. KENNEDY. Did all of this money go to the union?

Mr. TESTO. That is right. You have it in your file, and you have an accounting of all of that money.

Mr. KENNEDY. Now, to whom was the money given? To whom was this \$8,000 dollars given?

Mr. TESTO. It was supposed to be given to the general secretary, and I don't know.

Mr. KENNEDY. Who was supposed to get it?

Mr. TESTO. Mrs. Testo gave a receipt, and the man did. After they gave him the money he got a note, and I think you have it in your file.

Mr. KENNEDY. Is the money—it was then, you say, turned over to Legetto?

Mr. TESTO. It was supposed to be turned over to Legetto, and so I saw him one time when they gave him the money.

Mr. KENNEDY. Mrs. Testo gave the money to Legetto?

Mr. TESTO. Yes, sir.

The CHAIRMAN. Gave all of it to him, the \$8,500?

Mr. TESTO. I think, Senator, it was given a couple of times, and I think that he paid it a couple of times, and we were in debt and that money went to organize outside.

The CHAIRMAN. For outside organization?

Mr. TESTO. That is right.

The CHAIRMAN. That is why it was borrowed?

Mr. TESTO. Yes; we got the money because we were broke.

The CHAIRMAN. To try to get your organization rolling, and get new members and expand it?

Mr. TESTO. Well, we have the organization, Senator, and we have the organization outside, but we had no money to operate the organization. We loaned him the money, and I think you have a file on that.

Mr. KENNEDY. And Mendyke was then placed on the payroll at some \$400 per quarter?

Mr. TESTO. They paid him \$400 back, every quarter.

Mr. KENNEDY. But he still is owed over \$5,000; is he not?

Mr. TESTO. I never know, Mr. Kennedy.

Mr. KENNEDY. Do you understand he is still owed some money?

Mr. TESTO. I don't know anything about it, because I never had anything to do with it for 3 years, since I got the stroke, and I was sick.

Mr. KENNEDY. Now, in going on, in 1953, you were organizing chiefly the jukebox operators and their employees; is that right?

Mr. TESTO. Well, we organized all of the servicemen. I was backed by William Green.

Mr. KENNEDY. I don't want to go into all of that.

The main area that you had the jurisdiction over was the jukebox operators and their employees, the repairmen?

Mr. TESTO. We organized repairmen and some of those people joined in the union because they did repairmen work themselves and they worked on the machine, and they joined the union.

Mr. KENNEDY. That would be the category of the operators who repaired their machines?

Mr. TESTO. That is what they called them.

Mr. KENNEDY. Now, in 1953, and thereafter, and 1954, and 1955, the gambling type of pinball machines began to be introduced into the area; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. And the jukebox operators who were members of your union could not compete against these machines?

Mr. TESTO. That is right.

Mr. KENNEDY. They were losing revenue to these gambling-type machines?

Mr. TESTO. That is right.

Mr. KENNEDY. Because if someone came into a tavern or a location they would rather play the gambling-type machine rather than the jukebox?

Mr. TESTO. I suppose so.

Mr. KENNEDY. But anyway, they were in very difficult straits; is that right?

Mr. TESTO. Yes.

(At this point Senator Church entered the hearing room.)

The CHAIRMAN. Is that when you began losing money, when the gambling-type machines came in?

Mr. TESTO. That is right.

The CHAIRMAN. Had you been making money on them before?

Mr. TESTO. No. We just was organized ourselves.

The CHAIRMAN. You had just gotten organized?

Mr. TESTO. That is right.

The CHAIRMAN. You hadn't tested out to find out how much money you could make?

Mr. TESTO. I never did make money myself.

The CHAIRMAN. You haven't made any yet?

Mr. TESTO. I never made nothing. I spent my own.

The CHAIRMAN. Proceed.

Mr. KENNEDY. In order to compete with this, did the local people who had the jukeboxes then decide that they had better go into the gambling type of equipment themselves?

Mr. TESTO. Yes, sir. Some of them operators——

Mr. KENNEDY. In order to compete?

Mr. TESTO. In order to compete.

Mr. KENNEDY. This was an outside group that was bringing in the gambling equipment; is that correct?

Mr. TESTO. Correct.

Mr. KENNEDY. If it was gambling equipment and gambling is illegal, why didn't the Lake County authorities do something about it?

Mr. TESTO. I don't know anything about that.

Mr. KENNEDY. They didn't do anything about it?

Mr. TESTO. So far as I know, I didn't hear of anybody that did anything.

Mr. KENNEDY. But in order to compete with this outside group that was bringing in this gambling equipment, the local operators started trying to place their own gambling equipment on the various locations; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. Did they find that they had even greater difficulty when they tried to do that?

Mr. TESTO. Well, our members of the union they have pretty hard time.

Mr. KENNEDY. What happened?

Mr. TESTO. Well, a lot of locations some of those people that have the pinball, they went in and took the machine away from our operator.

Mr. KENNEDY. How did they do that? Who did that?

Mr. TESTO. Well, some of those operators who operated the coin machine around Gary and around Lake County, except the East Chicago. East Chicago was the only one. They just had pinball but they never did bother anybody.

Mr. KENNEDY. In East Chicago, they joined up with the union?

Mr. TESTO. They joined up the first day they started.

Mr. KENNEDY. That was one group and they joined the union, this outside group. But there was an entirely different outside group in the rest of Lake County; is that right?

Mr. TESTO. Correct.

Mr. KENNEDY. They refused to join the union?

Mr. TESTO. Well, we can't find out who is the boss of the place.

Mr. KENNEDY. You couldn't find out who ran this operation?

Mr. TESTO. That is correct.

Mr. KENNEDY. You called the syndicate?

Mr. TESTO. Well, that is what they called them.

Mr. KENNEDY. So this syndicate group came in and placed the machines. Then in order to compete with them, the local people tried to place their own machines. Did they then have difficulty from the public prosecutor's office? Did you understand that?

Mr. TESTO. You better repeat that word again because I can't understand it.

Mr. KENNEDY. Now in 1953, 1954, and 1955, this syndicate was bringing in this gambling type of equipment, but in order to compete with them the local people, the local operators who had formerly had juke boxes also had to introduce their gambling type of equipment?

Mr. TESTO. Correct.

Mr. KENNEDY. Did you then find that the representatives of the public prosecutor's office in Lake County, Mr. Holovachka's office, were going around causing difficulty for the local operators?

Mr. TESTO. Correct. Do you want me to tell this?

Mr. KENNEDY. Yes.

The CHAIRMAN. Yes.

Mr. TESTO. In one location on South Calumet Avenue, one of the operators come over to the office and say, "I am losing everything what I have." I said, "What is the matter?"

He told me they have two machines on such-and-such location on South Calumet Avenue. I said, "If you got machines on South Calumet Avenue, why don't you go over and talk to the owner? Everybody is a union and they respect the union."

When I went in there, he told me he would like a union, he would like to go along, but there is one thing: If he keeps those machines for the union, they might close up the saloon for 5 or 10 minutes, and then he will be in trouble.

Mr. KENNEDY. Let me see if I understand you. This is one of the local operators. He placed some machines in a local tavern which was very friendly toward union people. So he came to you and said, "I am having difficulty over there?"

Mr. TESTO. That is right.

Mr. KENNEDY. So you inquired into it, and the local tavern owner said, "I would rather have a union machine in here, but I have been informed that I can be in great difficulty, and if I keep open 5 or 10 minutes late they will come in and close me down." Is that right?

Mr. TESTO. Correct.

Mr. KENNEDY. He received a warning he better take the other kind of machine or otherwise he would be in difficulty with the law enforcement people?

Mr. TESTO. Correct.

Mr. KENNEDY. They could find some reason to close him up; is that right?

Mr. TESTO. Correct.

Mr. KENNEDY. He said, "In view of that, I am going to have to take the nonunion machine"?

Mr. TESTO. Correct.

Mr. KENNEDY. You found that was true in a number of different localities?

Mr. TESTO. Correct. I told the gentleman if he is going to get into trouble, I told him the member that belong to the union won't cause any trouble, but if they want their machine out, take the machine out. He said, "Who told you that?" and he said, "A gentleman named Conroy."

Mr. KENNEDY. And Mr. Conroy works in the public prosecutor's office?

Mr. TESTO. He is supposed to be the chief investigator.

Mr. KENNEDY. That is correct. He is the chief investigator in Mr. Holovachka's office.

Mr. TESTO. So I turned around and I gave him one of my cards. I said, "You tell him to call me." I was waiting for the call. I am still waiting until the next morning when two detectives showed up at the house and served me a warrant to appear before the grand jury.

Mr. KENNEDY. When you went in there and raised a question about Mr. Walter Conroy's activities, you gave the local tavern owner your card and said to have Mr. Conroy call you. The next thing you knew was that the following morning two deputy sheriffs came with a sub-



pena, a summons or a warrant for you to appear before the grand jury?

Mr. TESTO. Not the next morning. I think it was a couple of days later. The next morning those people took the machine out and the next morning I went out to check the spot, to find out what kind of machines they have in. I find that they have no union machine in there.

I said, "If it is no good for the union, what is the good for the man who don't belong to the union?" So I just walked out of the place. Then I think it was Saturday. Saturday they served me to appear in front of the grand jury. So I went to Chicago and I asked a lawyer. The lawyer talked with them on the phone.

Mr. KENNEDY. Who did he talk to?

Mr. TESTO. I think he talked with Metro or somebody.

Mr. KENNEDY. Metro Holovachka?

Mr. TESTO. Somebody in the office, that is all. He told me, "You use your office not as a respectable citizen, but you use your office to be of benefit to yourself."

Mr. KENNEDY. Your lawyer told Holovachka over the telephone that he was not using the office to help the citizens; he was doing it to further his own ambitions; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. And that he in turn would expose this or bring this out?

Mr. TESTO. Well, he told our lawyer, "You tell John to behave himself." That is all I know about. Nobody ever called me in front. I would be glad to go any time they want.

The CHAIRMAN. The "John" was you? He sent word for you to behave yourself; is that right?

Mr. KENNEDY. Metro Holovachka told you, through your attorney, that you should behave yourself?

Mr. TESTO. Yes; I should behave myself.

Mr. KENNEDY. But you weren't called before the grand jury at that time?

Mr. TESTO. No.

Mr. KENNEDY. Did you have any conversations with Mr. Holovachka yourself?

Mr. TESTO. Before that—before that I had a conversation.

Mr. KENNEDY. Will you relate that to the committee, what conversations you had with Mr. Holovachka?

Mr. TESTO. Well, they was putting the machines all around Hammond and south of Hammond.

Mr. KENNEDY. This is the syndicate coming in and putting in the gambling?

Mr. TESTO. That is what they say; it is a syndicate. That is what they tell me. I don't know nothing about the machine. All I know is how to organize the people.

Mr. KENNEDY. I understand.

Mr. TESTO. I went to the justice of the peace. When I went in to the justice of the peace, down at Indiana, I found Holovachka, and I told Holovachka for this machine, putting these machines out, that is not legal. "Why don't those repairmen join the union, because

it is all union?" That is what I told him. Three or four days later I got a letter to bring all the books down.

Mr. KENNEDY. First, what did Holovachka say to you then?

Mr. TESTO. I am just coming to that. He told me to bring all the books, but then I got another letter the next day not to go. Then he wanted another day. So I went over that day, I went up there, and he told me that I should behave myself, that I cause a lot of trouble.

I say, "Listen, the other people is organized. Why not these people can be organized?" And he told me, he said, "Well, listen, I am going to get something on you. I am going to put you in jail some of these days."

Mr. KENNEDY. All you were trying to do was to organize these people?

Mr. TESTO. That is all.

Mr. KENNEDY. And every time you made any effort to try to organize them, a representative of the public prosecutor's office—you would be subpoenaed, either for yourself or to bring your books in; is that right?

Mr. TESTO. That is right. He asked me about the book, and I said: "Listen, I can't give you no book. I am an organizer. If you want the book, you go down to the office and ask the office of the organization."

He said, "What if I send somebody over there?" And I said, "If you send somebody over there, we will show you everything. There is no crook there; I wouldn't stand for it."

He sent Mr. Conroy, and, I don't know, he picked up some papers and took them with him. I don't know whether they got them back or not. I never heard anything after that.

Mr. KENNEDY. Let me go into a few more details about the operations of the pinballs and who was behind some of them. In 1955 a Mr. Jack Doyle started a jukebox company; is that right?

Mr. TESTO. That is correct.

Mr. KENNEDY. And at that time, he teamed up with Mr. Tony Pinelli, Anthony Pinelli?

Mr. TESTO. That is correct.

Mr. KENNEDY. And Mr. John Formusa; is that right?

Mr. TESTO. That is correct.

Mr. KENNEDY. Did you know anything about Pinelli or Formusa?

Mr. TESTO. No; I don't know the gentlemen. I met Formusa one time when he built his home, but I never know Pinelli. He ran a pizza place.

Mr. KENNEDY. Pinelli ran a pizza place?

Mr. TESTO. Yes; a pizza place and a restaurant.

Mr. KENNEDY. Did he originally come from San Mateo, Calif.?

Mr. TESTO. I don't know where he come from.

Mr. KENNEDY. Did he suddenly appear on the scene in 1954?

Mr. TESTO. I know they were building a place on West Eleventh Avenue, and he was running the place. That is all I know.

Mr. KENNEDY. Jack Doyle, who originally started the company, was sent to prison, was he not?

Mr. TESTO. Yes.

Mr. KENNEDY. And he died in prison, I believe, last year. Then did Pinelli link up with some other individuals?

Mr. TESTO. At the present time, I think Pinelli was around that route, I think. I think they run the jukebox pretty late after that.

Mr. KENNEDY. In addition to using the members of the public prosecutor's office, were there also representatives of the police department in Gary that were helping him in obtaining locations?

Mr. TESTO. Well, that is what the operators report to me. They say they are using the badge to try to take the machine from the other people.

Mr. KENNEDY. So you not only had the representative of the public prosecutor's office helping some of the companies, but you had representatives of the police department in Gary, Ind.; is that right?

Mr. TESTO. That is what they claim, the operators. They know more about this than I know myself.

Mr. KENNEDY. Did Mr. Pinelli and Formosa go into business with the Schiralli brothers? Is that right?

Mr. TESTO. I understood that Mr. Schiralli was going into the juke-box business.

Mr. KENNEDY. Rocco Schiralli ran for mayor of Gary, and at the time they went into partnership he held the position of deputy city comptroller, did he not?

Mr. TESTO. Correct.

Mr. KENNEDY. And he now holds that position, does he not? He still holds the position of deputy city comptroller?

Mr. TESTO. I suppose he does. I don't know. I never know much about——

Mr. KENNEDY. Did you have a conversation with Mr. Rocco Schiralli about the fact that you couldn't organize these companies, and that the police department was being used?

Mr. TESTO. I called Mr. Schiralli and I told him, I said, "Everybody belong to the union over here, and now you got this company yourself, why don't you join the union?" That was the first time. Then I met him the second time and I said, "Well, why don't you join the union? Come up to my house."

He told me I should get in touch with so-and-so, and if those people told him to join the union, he will join the union.

Mr. KENNEDY. Rocco Schiralli said, in making up his mind as to whether he should join the union or not, that you should get in touch with somebody?

Mr. TESTO. That is right.

Mr. KENNEDY. Who did he tell you to get in touch with?

Mr. TESTO. He told me to get in touch with a fellow in Chicago whose name is Joey Glimco, or something.

Mr. KENNEDY. Joey Glimco?

Mr. TESTO. Yes.

Mr. KENNEDY. He told you, on making up his mind as to whether he would join the union or whether he should join the union——

Mr. TESTO. If that man tell him to join the union, he will join the union.

Mr. KENNEDY. Did you know Joey Glimco?

Mr. TESTO. I never saw the gentleman before; but he give me the telephone and I call him on the phone. I made arrangements over there and I went a couple of times. I never know the guy. He might have passed me every time I went there.

Mr. KENNEDY. Did you go to Chicago to see him?

Mr. TESTO. I went one morning and to wait. I said I would stay there until I met this guy. I sat outside. It was cold as hell, and I sat outside the door. This man coming out of the car, him and a woman got out of the car, and I asked if his name was Joe, and he said "Yes," and he said, "Are you Mr. Testo?" and I said, "Yes."

He told me to come to his office. I went upstairs with him, and I said, "Schiralli told me to ask you about his joining the union."

Mr. KENNEDY. Did you know Mr. Joey Glimco was head of local 777 of the Teamsters?

Mr. TESTO. I never know the gentleman. I told him, "As long as you are a member of the union, I think the union should support the other union." He said I was eating too much.

Mr. KENNEDY. What did that mean, you were "eating too much"?

Mr. TESTO. I don't know. I was eating too much spaghetti and he was eating steak. So he told me he was going to take care of it, but he never did. They come in and take the jukebox away from those union men.

Mr. KENNEDY. How did you leave it with him? Was he friendly with you or unfriendly?

Mr. TESTO. He was very nice. As far as I know, that is the first time I met the gentleman, and he was very nice to me.

Mr. KENNEDY. Why did he volunteer that you were eating too much? What was the significance of that?

Mr. TESTO. I don't know. That is what he told me, that I was eating too much.

Mr. KENNEDY. How did you leave it with him?

Mr. TESTO. I left it very friendly, and he was very friendly when I left. He shake hands with me and he said, "Well, I will see what I can do to help you out." He was very nice.

Mr. KENNEDY. What did you do then?

Mr. TESTO. I got back and see that they are still taking jukeboxes from our union people.

Mr. KENNEDY. The next day did they come in and take some more union jukeboxes?

Mr. TESTO. They took a lot of boxes. I called him and tried to make an appointment. I went over there and, hell, I couldn't meet him any more. I can't catch him in the office any more.

Mr. KENNEDY. You couldn't get Joey Glimco?

Mr. TESTO. No. So I told them, "Let him go"; that is all.

The CHAIRMAN. How many boxes did you have covered by your union?

Mr. TESTO. How many in the county?

The CHAIRMAN. Yes; that were covered by your union?

Mr. TESTO. I can't tell you, Senator.

The CHAIRMAN. Well, give some idea about it, whether it is a dozen, a hundred, or what.

Mr. TESTO. Well, I think there was 13 or 14 operators. I don't know how many jukeboxes they got.

The CHAIRMAN. How many boxes?

Mr. TESTO. I can't tell you how many boxes.

The CHAIRMAN. You had, then, at the time, some 13 or 14 operators?

Mr. TESTO. Yes.

The CHAIRMAN. And depending on how many boxes each one had would be the total number of boxes?

Mr. TESTO. Senator, I never keep that list myself, how much they have.

The CHAIRMAN. I don't say you kept the list. You had some idea how many people you had in the union.

Mr. TESTO. Well, some they have 50, some have 60, some have maybe 100.

The CHAIRMAN. You are talking about boxes now?

Mr. TESTO. The jukebox.

The CHAIRMAN. Some of these operators or business places where the boxes had been installed would have from 15, maybe, to 100 boxes?

Mr. TESTO. Sometimes.

The CHAIRMAN. And you had 13 or 14, or something like that, businesses where the management or where the employees belonged to your union?

Mr. TESTO. That is right.

The CHAIRMAN. All right.

Mr. KENNEDY. The operators, the local operators, who were members of the union, and their employees, they lost about 50 percent of their business during this period of time?

Mr. TESTO. I believe so; yes.

Mr. KENNEDY. So it was gradually not only destroying the local people, but also the business people, was it not?

Mr. TESTO. We were destroyed right along.

Mr. KENNEDY. Did you place picket lines in front of any of these people?

Mr. TESTO. No.

Mr. KENNEDY. Why not?

Mr. TESTO. We have nobody working in the saloons. They belong to a different organization.

Mr. KENNEDY. Did you then get out of the union business? Did you retire?

Mr. TESTO. Well, I got sick, you see, and I got a stroke over here first, down at the Sheraton-Park. Again, I got another touch, and I was pretty sick. My wife got sick before me.

Mr. KENNEDY. Why did you get out? Why did you give up the union?

Mr. TESTO. Well, it was a little pressure, and I just quit; that is all.

Mr. KENNEDY. Will you tell that to the committee, please?

Mr. TESTO. Well, my wife, every time we go to Indianapolis or go someplace, she would get a call up at the house and they scare her, tell her I should get out of the business.

Mr. KENNEDY. What would they say to her?

Mr. TESTO. What?

Mr. KENNEDY. What would they say to her?

Mr. TESTO. Well, they would say if I never get out maybe I get hurt. I might get hurt. Again, after that, some man came over upstairs and he told me I should close up. He told me once, he told me twice, so I figured why should I get in trouble like that? I lost everything I have. I might as well get out and try to do the best I can.

I told the boys, I said, "You better put in some young fellow. I will help you boys." If they ask me today to help them out, I am going to help them.

Mr. KENNEDY. What sort of things would they say to your wife when they called her?

Mr. TESTO. Well, a fellow came upstairs, he was talking to me 2 or 3 days, and he left and went to California, and when he come back he said, "Are you still in the jukebox business?" and I said, "No, I am going to quit." So I turned around and quit.

Mr. KENNEDY. Was it because of the pressure that was put on you and your wife?

Mr. TESTO. That is right.

Mr. KENNEDY. Would you tell the committee what sort of things they would say when they telephoned?

Mr. TESTO. Well, they called my wife and told my wife when I was going to Indianapolis—we went to Indianapolis to see the Governor about this, and they told my wife to tell me to stay away from Indianapolis.

Mr. KENNEDY. What was going to happen if you didn't?

Mr. TESTO. Well, if I go to Indianapolis, they was going to take care of me.

Mr. KENNEDY. Take care of you?

Mr. TESTO. That is right.

Mr. KENNEDY. And you went to Indianapolis to see the Governor?

Mr. TESTO. That is right.

Mr. KENNEDY. You saw the Governor, did you not?

Mr. TESTO. Yes.

Mr. KENNEDY. As a matter of fact, you made many trips to Indianapolis; is that right?

Mr. TESTO. Right.

Mr. KENNEDY. To try to get some help?

Mr. TESTO. That is right.

Mr. KENNEDY. Was anything ever done?

Mr. TESTO. No.

Mr. KENNEDY. So the union was driven out of business and you were driven out of the union; is that right?

Mr. TESTO. Yes.

Mr. KENNEDY. When they called, did they tell your wife that they would have you killed?

Mr. TESTO. That is right.

Mr. KENNEDY. Did this give your wife a nervous breakdown?

Mr. TESTO. That is right.

Mr. KENNEDY. And your wife had to go to the hospital; is that right?

Mr. TESTO. Yes. I never know anything about it until the day they took her to the hospital. She told me about that.

Mr. KENNEDY. She had never told you they were making the telephone calls until you had to take her to the hospital?

Mr. TESTO. That is right.

Mr. KENNEDY. Then did she tell you on the way to the hospital about the telephone calls that had been made?

Mr. TESTO. Yes.

Mr. KENNEDY. That was prior to the time you gave up the union? Is that right?

Mr. TESTO. That is right.

The CHAIRMAN. How much did you have invested in the business?

Mr. TESTO. Everything I have.

The CHAIRMAN. Well, everything you have. I can't tell how much that was.

Mr. TESTO. I don't know. Everything I have I put in.

Mr. KENNEDY. You had worked on it all your life; is that right?

Mr. TESTO. That is right.

Mr. KENNEDY. So it was really the gangsters and the racketeers there and threats to your wife plus the help and assistance of the law enforcement people and officials of Mr. Holovachka's office and certain representatives of the police department in Gary, Ind., that drove you out of business?

Mr. TESTO. Mr. Kennedy, I can't say Holovachka, and I don't know that.

Mr. KENNEDY. But from what people related to you, they were losing their locations based on their activities?

Mr. TESTO. I cannot accuse anybody, because as I told you, it is not what happened to me.

Mr. KENNEDY. But these people were losing their locations because of the pressure that was put on them, at least in part by representatives of Mr. Holovachka's office, as well as on occasion some representatives or the police department; is that right?

Mr. TESTO. That is the way they were telling me, the operators.

Mr. KENNEDY. And you know that you yourself made complaints about the situation to Indianapolis and to the Governor's office and you were never able to get anything done?

Mr. TESTO. I never got anything out of there.

Mr. KENNEDY. And finally, it was sufficient to drive your wife to a hospital?

Mr. TESTO. That is right.

Senator CAPEHART. May I ask some questions?

Mr. TESTO. Do you belong to the Terrazzo Workers Union?

Mr. TESTO. That is right.

Senator CAPEHART. Were you an officer in that union?

Mr. TESTO. That is right.

Senator CAPEHART. Are you still an officer in that union?

Mr. TESTO. That is right.

Senator CAPEHART. How long have you belonged to that union?

Mr. TESTO. About 30 years.

Senator CAPEHART. Then you organized this independent union, No. 1?

Mr. TESTO. For the music boxes, yes, and they were supposed to be under the federation.

Senator CAPEHART. Was it an independent union or was it affiliated with the AFL or CIO?

Mr. TESTO. No, they were supposed to have 15 locals and recognized by the American Federation of Labor; that is the way they gave it to me.

Senator CAPEHART. My question is: Were you affiliated with the American Federation of Labor?

Mr. TESTO. We were affiliated with nobody. It was an independent organization.

Senator CAPEHART. Were you the president of it?

Mr. TESTO. No. I was just organizing it.

Senator CAPEHART. You were the organizer?

Mr. TESTO. Yes, sir.

Senator CAPEHART. Were you ever an officer?

Mr. TESTO. No, I organized it. I was the business agent.

Senator CAPEHART. And at the same time, you were the business agent and organizer of the Terrazzo Union?

Mr. TESTO. I was business agent of the Terrazzo Workers.

Senator CAPEHART. And you still are?

Mr. TESTO. Yes, sir.

Senator CAPEHART. And there was no connection between the local 1 and the Terrazzo Union?

Mr. TESTO. No.

Senator CAPEHART. None whatever?

Mr. TESTO. No.

Senator CAPEHART. Were there any other labor organizations in Lake County that at any time ever tried to organize the coin machine industry?

Mr. TESTO. Not as far as I know. There were the Electrical Workers. At the time they put me on, they never operated right and I took the charter, and Mr. Kennedy has all of that stuff.

Senator CAPEHART. My point is that there was never another labor organization tried to organize the coin machine operators?

Mr. TESTO. No.

Senator CAPEHART. Did you ever have any interference by any other labor organization while you were head of the local?

Mr. TESTO. No, they tried to help me but they never harmed me.

Senator CAPEHART. Well, did any labor organization do anything against your local No. 1?

Mr. TESTO. No.

Senator CAPEHART. Did any labor organization official ever do anything against your local No. 1?

Mr. TESTO. No, as far as I know.

Senator CAPEHART. What was the purpose of this local No. 1? What was it organized for; to organize the employees or the owners?

Mr. TESTO. It was to organize all of the repairmen, and the repairmen that were getting miserable wages, getting about \$20 a week, and in the contract I think they got \$60 a week, and they get so much, and they got them up to \$125 a week.

Senator CAPEHART. And your job was to get the repairmen of these owners into your union, local No. 1?

Mr. TESTO. That is right.

Senator CAPEHART. And you had trouble doing it?

Mr. TESTO. I never did have any trouble, and they would come in themselves. They would call me and they wanted to be organized.

Senator CAPEHART. They voluntarily came in?

Mr. TESTO. Yes, and they wanted to be organized.

Senator CAPEHART. Well, wherein did you get into trouble with these other operators, this syndicate? How did you get into trouble with those gentlemen?



Mr. TESTO. I never got into trouble myself. They got in with the operators and they had the machines and they were losing the machines.

Senator CAPEHART. In other words, the people that didn't belong to your union were taking locations away from members of your union?

Mr. TESTO. Taking locations away from members of our union.

Senator CAPEHART. And it was a fight between one group of operators on one side, and a group of operators on the other side?

Mr. TESTO. That is right.

Senator CAPEHART. And you were the business agent for one group of operators who belonged to your union?

Mr. TESTO. That is right.

Senator CAPEHART. And was that the trouble that you had in the county, in Lake County?

Mr. TESTO. That is right.

Senator CAPEHART. But you had no trouble from any other labor organization?

Mr. TESTO. Oh, no.

Senator CAPEHART. And you never picketed anybody?

Mr. TESTO. No, sir.

Senator CAPEHART. You never boycotted anybody?

Mr. TESTO. No, sir, and I never believed in that picket stuff.

Senator CAPEHART. What were the dues of your members?

Mr. TESTO. I think they were paying \$1.50 a month.

Senator CAPEHART. \$1.50 a month.

Mr. TESTO. Yes.

Senator CAPEHART. Well then, there was just one organization, one labor organization in Lake County that was organized or did organize the coin machine operators' employees?

Mr. TESTO. It was the coin machine and repair servicemen, and the service and repairmen.

Senator CAPEHART. Now, did you organize the operators themselves, the owners of these machines?

Mr. TESTO. Some of the operators, they couldn't afford to hire a man and they were fixing their own machines and they came in on their own, and they said they wanted to have a card and they wanted to be an honorary member of our organization, and we had very nice people over there. Every place where we were in the local, the servicemen and operators were very respectable citizens, as far as I knew from my part.

Senator CAPEHART. Then your trouble was with the fact that a lot of these operators and employees didn't want to join your union. Was that your big trouble?

Mr. TESTO. That is right, it was the only trouble I know.

Senator CAPEHART. But you felt as though they were being helped by local law enforcement officers?

Mr. TESTO. Well, Senator, the operators were telling me that.

Senator CAPEHART. The operators told you that?

Mr. TESTO. Yes, the operators came up to me and they said, "They are using the police on this and that in Gary."

Senator CAPEHART. You didn't know it of your own accord?

Mr. TESTO. I didn't know of my own accord; I never knew, and the operators would come over to the office and make a complaint.

Senator CAPEHART. You are telling us that everything that you have said here today was hearsay, that someone else told you?

Mr. TESTO. Well, I told them the same thing. That is correct, is it not?

Mr. KENNEDY. I think that you have been through it, and I think that you explained that.

Senator CAPEHART. What you said was you didn't know it of your own accord, and you said the operators told you that they were doing this?

Mr. TESTO. That is right.

Senator CAPEHART. But you didn't know it of your own accord?

Mr. TESTO. I never knew myself, directly, I never knew, and I didn't see any policeman, because I never knew anything about it. They went out and took the machines and said, "Here, throw this man out and put another one in."

Senator CAPEHART. Were you in a position to know whether or not they would lose the location?

Mr. TESTO. No, the operators would come over and tell me that they are losing such and such a location.

Senator CAPEHART. When he came over and told you that he was losing location so and so, what were you supposed to do?

Mr. TESTO. Well, I was supposed to go out and try to talk to the owner, you know, and try to get him to keep these people, and say, "You know they are living in the city and they are good people, and they have been doing business for so many years, and why don't you keep them?"

That is all I would do, try to protect the people in our hometown.

Senator CAPEHART. Well, these operators that your union members were having trouble with, were they local people?

Mr. TESTO. No, they just went in, and I suppose they would buy those places, and I don't know. There were some operators who were paying as high as \$2,000, give it to the owner to take the machine away.

The CHAIRMAN. Well, you are talking about these operators coming in, and so forth. As I understand it, an operator is the fellow who furnishes the machine.

Mr. TESTO. They operate the machine, and they are the owners of the machine.

The CHAIRMAN. He owned it but he puts it in a fellow's place of business?

Mr. TESTO. That is right.

The CHAIRMAN. And he assigns it there, and he makes arrangements with the man that owns the place of business to put a machine in there, and let it operate?

Mr. TESTO. That is right.

The CHAIRMAN. And then they divide on some basis?

Mr. TESTO. I don't know what they divide.

The CHAIRMAN. I know, but they do divide the revenues from it.

Mr. TESTO. That is right.

The CHAIRMAN. What was happening was that the operators that belonged to your union, the people who owned the machines and were placing them in these businesses ran into the problem of the owner of the business saying, "I have got to give up your machine, or I am going to get into trouble. I have got to take the other fellow's machine." Is that correct?

Mr. TESTO. That is correct, sir.

The CHAIRMAN. That is what you have been trying to say?

Mr. TESTO. That is correct.

The CHAIRMAN. I don't want to mislead you, and I am trying to make this record clear.

Mr. TESTO. Senator, I am telling you the truth. I am no liar and I tell you the truth, and that is what happened.

The CHAIRMAN. That is just what happened?

Mr. TESTO. Yes.

The CHAIRMAN. All right.

Now, you didn't hear any threats made to the owners of the places of business. That is what you are saying?

Mr. TESTO. No.

The CHAIRMAN. That part of it is hearsay with you?

Mr. TESTO. That is right.

The CHAIRMAN. The owners of the place of business would come to you and complain?

Mr. TESTO. That is right.

The CHAIRMAN. That they had been told to get rid of your operator's machines?

Mr. TESTO. That is right.

The CHAIRMAN. Or they would be in trouble?

Mr. TESTO. That is right.

The CHAIRMAN. Now, that was reported to you, but you did not hear it?

Mr. TESTO. No, I never heard it.

The CHAIRMAN. But did you find, or do you know of your personal knowledge that you were losing, or your operators were losing machine sites?

Mr. TESTO. That is right.

The CHAIRMAN. And they began losing them?

Mr. TESTO. Yes, sir.

The CHAIRMAN. Frequently or just occasionally, or how?

Mr. TESTO. They lost quite a few machines, and I don't know just how many they lost.

The CHAIRMAN. Now, you knew that because you had personal knowledge of that, that they lost the machines, did you?

Mr. TESTO. I don't understand, Senator.

The CHAIRMAN. You knew that your operators' machines were taken out and others were put in?

Mr. TESTO. I never knew it, but it is what the operators report to me.

The CHAIRMAN. Did you ever go around and see that the machines had been changed?

Mr. TESTO. Oh, yes.

The CHAIRMAN. Well, you knew that the new machine and a different machine was in there?

Mr. TESTO. I see a new machine, and I see the machine, but I can't do anything about it.

The CHAIRMAN. But you didn't see it actually taken out, and you didn't see the switch made?

Mr. TESTO. No.

The CHAIRMAN. You would find a new machine and a different machine in the place, and nonunion machine?

Mr. TESTO. A nonunion machine.

The CHAIRMAN. And when you went to the man who was in charge of this machine operation, the outsider as you termed him, I believe, he told you to get in touch with Glimco?

Mr. TESTO. That is right.

The CHAIRMAN. And you did get in touch with a man you thought was Glimco, and you went to Chicago a time or two and finally you saw someone who represented himself to be Glimco?

Mr. TESTO. That is right.

The CHAIRMAN. Was there anything there in his office to identify him as to who he was when you went in there, and do you know it was Glimco's office?

Mr. TESTO. I never knew Glimco before and it was the first time.

The CHAIRMAN. I know you didn't know him before, but what kind of office was it? Was it a labor union office?

Mr. TESTO. He has a taxicab office over there.

The CHAIRMAN. A taxicab office?

Mr. TESTO. Yes, sir.

The CHAIRMAN. A union office?

Mr. TESTO. Yes; a union office.

The CHAIRMAN. And he was in charge of the taxicab union up in Chicago?

Mr. TESTO. That is right.

The CHAIRMAN. Is that correct?

Mr. TESTO. That is right.

The CHAIRMAN. You learned that much, did you, while you were there?

Mr. TESTO. That is right.

The CHAIRMAN. And you had a nice talk with him, and a nice handshake and you left?

Mr. TESTO. I left because he said he was going to help me.

The CHAIRMAN. When you got home, what was happening? Was he helping or was the operation continuing just as it was?

Mr. TESTO. It continued the same way.

The CHAIRMAN. I don't know whether you said these 13 or 14 operators would have all of the way from 15 or 16 up to a hundred machines perhaps; is that right?

Mr. TESTO. Something like that.

The CHAIRMAN. Some had that many?

Mr. TESTO. Yes, sir.

The CHAIRMAN. Would they average 25 or 50?

Mr. TESTO. Some of them would have 25 and some had 15, and they lost quite a few.

The CHAIRMAN. You can't give us then any estimate, and it would have to be a rough guess as to how many machines?

Mr. TESTO. That is right.

The CHAIRMAN. What I am trying to get at is this: Can you tell how many machines you lost, that were removed from your operation and replaced by the syndicate machines?

Mr. TESTO. I can't tell you that.

The CHAIRMAN. Did you lose half of your machines, or a third of them, or a fourth of them, or 90 percent of them, or 10 percent; or what?

Mr. TESTO. It must have been a loss of about 25 or 30 percent of their equipment.

The CHAIRMAN. You lost some 25 or 30 percent of whatever machines you had?

Mr. TESTO. I suppose.

The CHAIRMAN. All right.

Mr. KENNEDY. You had also two personal experiences with representatives from the public prosecutor's office, Mr. Holovachka's office, on two separate occasions?

Mr. TESTO. That is right.

Mr. KENNEDY. So you had those personal experiences as well as what you heard personally, as well as what you were told?

Mr. TESTO. That is right.

The CHAIRMAN. Let's repeat those. Let's get the record clear on them and not leave it confused as to just what did he say.

Mr. TESTO. The prosecutor?

The CHAIRMAN. Yes.

Mr. TESTO. When I went up there, I went up there and I asked him the first time when I went over, if they are illegal, those machines are illegal.

The CHAIRMAN. If those machines were legal?

Mr. TESTO. Illegal. If they are legal, then we should take the people in the union and if they are not legal, we don't want them.

The CHAIRMAN. If they are illegal machines, you didn't want them?

Mr. TESTO. We didn't want them.

The CHAIRMAN. What did he say?

Mr. TESTO. He told me to mind my own business.

The CHAIRMAN. To mind your own business?

Mr. TESTO. That is right.

The CHAIRMAN. What was the next encounter?

Mr. TESTO. Well, I didn't do anything. He told me if I don't mind my own business, he will see that he put me in jail. I said, "Any time you think I violate the law, you put me in jail."

The CHAIRMAN. What were you doing to cause him to want to put you in jail?

Mr. TESTO. Nothing that I know of.

The CHAIRMAN. Was there anything you knew of? Did he make a specific complaint other than in general terms to mind your own business?

Mr. TESTO. That is what he told me, to my my own business, so far as I know.

The CHAIRMAN. Did you tell him you had complaints from the owners and operators that his men were going around and telling them not to use your machines? Did you tell him about that?

Mr. TESTO. I told him everything when I talked to him that morning.

The CHAIRMAN. You told him that this was happening according to reports to you?

Mr. TESTO. That is right.

The CHAIRMAN. We are talking about the prosecutor.

Mr. TESTO. That is right.

The CHAIRMAN. You talked to him personally and told him about that?

Mr. TESTO. That is right.

The CHAIRMAN. Is that when he told you to mind your own business or he would put you in jail?

Mr. TESTO. That is right.

The CHAIRMAN. I am trying to get it clear. You went to the law-enforcement officer, the prosecuting attorney, to get information and to try to protect your own interests; when you asked him about it, though, he told you to mind your own business or he would put you in jail?

Mr. TESTO. That is right.

The CHAIRMAN. He wouldn't tell you whether they were legal or illegal?

Mr. TESTO. No.

The CHAIRMAN. He didn't tell you?

Mr. TESTO. He wouldn't tell me nothing. I walked out of the place.

The CHAIRMAN. You reported to him how you were losing your business?

Mr. TESTO. Yes, sir.

The CHAIRMAN. All right.

Senator CAPEHART. You referred to this as your business. What did you mean by that? You didn't own any of the machines, did you?

Mr. TESTO. Senator, I went up there and told him that our people, you understand, belong to a union.

Senator CAPEHART. I mean the employees of the operators.

Mr. TESTO. Well, the——

Senator CAPEHART. They were members of your union?

Mr. TESTO. If an employer loses a machine, the repairman would have no job, they would be out of work. So I went over and explained to him, and told him what it was all about. He told me to mind my own business.

Senator CAPEHART. In other words, you had a lot of employees and these operators belonged to your union?

Mr. TESTO. That is right.

Senator CAPEHART. Therefore, if they lost the locations, then your men would lose jobs?

Mr. TESTO. That is right.

Senator CAPEHART. You were interested in it from that standpoint?

Mr. TESTO. That is right.

Senator CAPEHART. That is, making sure they didn't lose the locations because your men would lose jobs?

Mr. TESTO. That is right.

Senator CAPEHART. About what time was it? About when did you talk to this prosecutor and he told you to mind your own business?

Mr. TESTO. Well, I don't recall, I don't remember. They got the letter here. I think they got the letter in the file over there of the time I talked with him.

You know the letter, Senator; you got the letter. You found them in the file.

Mr. KENNEDY. It was 1953.

Mr. TESTO. Well, it was around that time.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. You had one personal experience with John Formusa, did you not?

Mr. TESTO. Yes.

Mr. KENNEDY. That was in his home?

Mr. TESTO. Well, we was trying to get the wages for the tile helpers.

Mr. KENNEDY. You were doing work in his home?

Mr. TESTO. Yes, the drains and the tile on his house.

Mr. KENNEDY. How expensive was this home, probably, or approximately?

Mr. TESTO. It was a pretty good home.

Mr. KENNEDY. About \$100,000?

Mr. TESTO. Well, I don't know. It was a pretty good-looking place.

Mr. KENNEDY. Well, I am not asking you exactly. Was it about a \$100,000 home?

Mr. TESTO. You know, Mr. Kennedy—

Mr. KENNEDY. Was it approximately that?

Mr. TESTO. It might be close. The thing is it is a pretty good-sized home.

Mr. KENNEDY. And was there some question as to what the wages were to be paid to the employees at the home?

Mr. TESTO. No. We have trouble for one of the tile contractors. He didn't want to pay the wages. Everybody paid the wages, but these people wouldn't pay the wages.

Mr. KENNEDY. So did the employees walk out?

Mr. TESTO. Well, they walk out every place. So they told me they was working on this place.

Mr. KENNEDY. Did you go in and talk to Mr. Formusa?

Mr. TESTO. My men went in there and they tried to stop the people. They come back in the office and I went along myself. I went in there and found Mr. Formusa, and he said, "John, this is my home." Well, I said, "If it is your home, we are having a little trouble with the tile men."

He said, "You know, I got a gun over here," and I said, "We don't want to stop anybody. You go ahead and finish the work." And I let the men work.

Mr. KENNEDY. So the men went back?

Mr. TESTO. No; we just let them go.

Mr. KENNEDY. Did he have a gun in his hand when he was talking to you?

Mr. TESTO. He showed it to me. It was in his back pocket.

Mr. KENNEDY. When he told you he wanted the employees back on the job—

Mr. TESTO. No; he just told me.

Mr. KENNEDY. Then he brought a gun out of his back pocket?

Mr. TESTO. No; he showed me.

Mr. KENNEDY. Showed you a gun from his pocket?

Mr. TESTO. That is right.

Mr. KENNEDY. Were the employees then sent back?

Mr. TESTO. I told the men, "You go to work; I don't want no trouble with anybody."

Mr. KENNEDY. All right.

That is all, Mr. Chairman.

The CHAIRMAN. All right. Call the next witness.

Mr. KENNEDY. I would like to call Mr. Duffy briefly to give an identification of some of those individuals whose names have been mentioned.

The CHAIRMAN. You solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DUFFY. I do.

### TESTIMONY OF LaVERN J. DUFFY

The CHAIRMAN. Mr. Duffy, you are a member of the staff of this committee?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Of the professional staff?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Have you been conducting an investigation into this Gary, Ind., situation that is the subject matter of this inquiry?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Testo, in his testimony, mentioned a number of individuals. First was Mr. Doyle. He mentioned Mr. Jack Doyle.

Mr. DUFFY. Do you want a little background?

Mr. KENNEDY. Yes. Would you give background? He was one of those who originally formed the partnership with Pinelli and Formusa.

Mr. DUFFY. Mr. Doyle was exposed by the Kefauver committee in 1951. He appeared here at Washington. He was characterized by Senator Kefauver as the gambling czar of Lake County, Ind. At that time, he invoked the fifth amendment. Subsequent to his appearance before the committee in Washington he was indicted for income-tax evasion.

The CHAIRMAN. Is that Doyle you are talking about?

Mr. DUFFY. Jack Doyle. He was sentenced to jail and he died in prison last year.

Mr. KENNEDY. In 1958?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. It was also brought out that he was in partnership—he formed a partnership with a man by the name of Tony Pinelli. Who is Tony Pinelli? We will be going into him more extensively.

Mr. DUFFY. In 1953, after Mr. Doyle was exposed by the Kefauver committee, we have evidence on Mr. Pinelli. Tony Pinelli is a notorious hoodlum whom we will expose later in the course of these hearings. But in 1953 he was in Los Angeles with Tony Accardo and Sam “Mooney” Giancana, known as the two biggest hoodlums in Chicago.

Mr. KENNEDY. Giancana was the gunman for the Al Capone mob for a period of time.

Mr. DUFFY. That is right. He is now No. 2 in the hoodlums in Chicago.

Mr. KENNEDY. Mr. Pinelli met with them in California in 1953; is that correct?



Mr. DUFFY. Yes. It is significant that prior to their meeting in Los Angeles, Mr. Doyle had been exposed and indicted for income-tax evasion. Mr. Doyle was convicted in August of 1954 for income-tax evasion, and about the same time Mr. Pinelli, who has a notorious reputation in Chicago, but who migrated to Los Angeles, suddenly returned to Gary, Ind., about this time.

Mr. KENNEDY. At the time that Doyle went out of business or was in difficulty with the Federal Government, Pinelli appeared on the scene in Gary, Ind.?

Mr. DUFFY. Yes.

Mr. KENNEDY. He had operated out of Chicago, and had a home in San Mateo, Calif.; is that right?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Then he came back and suddenly appeared on the scene in Gary, Ind., about 1954 or 1955?

Mr. DUFFY. Yes, sir. We will have a lot more testimony relating to that.

Mr. KENNEDY. I know. I want the general background. So Doyle and Pinelli were two of the individuals in this operation, in the juke-box operation. Then also mentioned was John Formusa. Who is John Formusa?

Mr. DUFFY. He is a notorious hoodlum in Gary who has made his livelihood, dating back to 1935, in prostitution. He is well known in the Gary police files as being head of the prostitution in that area.

Mr. KENNEDY. So at the time Pinelli came in there, Mr. Formusa built his new house of prostitution, did he not?

Mr. DUFFY. In fact, he built his new house of prostitution in 1955 in Gary.

Mr. KENNEDY. What was that called?

Mr. DUFFY. The M & J Motel.

Mr. KENNEDY. That was a very elaborate motel; is that correct?

Mr. DUFFY. Quite elaborate.

Mr. KENNEDY. You have seen the motel?

Mr. DUFFY. Yes, I paid a visit to the outside of the place in December of last year and we established it was operating as of that date.

Mr. KENNEDY. That was erected in 1955?

Mr. DUFFY. 1955.

The CHAIRMAN. Is that the building that the previous witness was talking about?

Mr. DUFFY. No. The previous witness was discussing Mr. Formusa's personal home which, incidentally, is on Lake Michigan—

The CHAIRMAN. This is the business institution?

Mr. DUFFY. Yes.

Mr. KENNEDY. Mr. Formusa has also been convicted of narcotics?

Mr. DUFFY. Of narcotics, as being an addict, and served time in the penitentiary.

Mr. KENNEDY. We will be going into his dealings in narcotics as well at a later time?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. In order to get it cleared up, as to Mr. Testo's contacts with the public prosecutor, his personal contacts, they were in July of 1953 and again in August 1955; is that correct?

Mr. DUFFY. Correct.

Mr. KENNEDY. Those are the two contacts he personally had with the public prosecutor's office?

Mr. DUFFY. Correct. Also, we will be going into more activities about Mr. Pinelli in the Chicago crime syndicate.

Mr. KENNEDY. This was not the only coin-machine operation in Gary during this period of time? There was another one, a Pinelli operation?

Mr. DUFFY. Yes.

Mr. KENNEDY. We will be going into that?

Mr. DUFFY. The gambling-type pinball operation.

Mr. KENNEDY. But this was at the time after Mr. Holovachka took over as the public prosecutor in 1953. This is the influx of certain gangsters and hoodlums from Chicago and even from the west coast into the Lake County area?

Mr. DUFFY. That is correct. Mr. Holovachka was elected to office as county prosecutor of Lake County, Ind., in January 1953.

Mr. KENNEDY. And the destruction of the union which was opposing this during that period of time?

Mr. DUFFY. That is correct.

Senator CAPEHART. Do Pinelli and Formusa belong to any unions or have any union activities?

Mr. DUFFY. We will get into those connections with the union activities of Mr. Pinelli later in the course of these hearings, Senator.

Senator CAPEHART. Did they belong to a union?

Mr. DUFFY. Mr. Pinelli did not belong to a union; no.

Senator CAPEHART. Mr. Formusa?

Mr. DUFFY. No, Mr. Formusa did not belong to a union.

Senator CAPEHART. Neither one of them belonged to the union?

Mr. DUFFY. No, sir.

Senator CAPEHART. Did they have union connections?

Mr. DUFFY. Yes. We will show a definite tie with labor with Mr. Pinelli during the course of these hearings.

Mr. KENNEDY. Then, of course, their fight against this union?

Mr. DUFFY. Their fight against Mr. Testo.

Mr. KENNEDY. He put the union out of business?

Mr. DUFFY. Yes, he put the union out of business is what it amounted to.

Senator CAPEHART. I thought Mr. Testo testified that nobody interfered with him or gave him trouble.

The CHAIRMAN. Not from the union.

Mr. DUFFY. We are talking about independent operators. The syndicate was operating in there.

Senator CAPEHART. I thought he testified no other union or union official gave him trouble.

Mr. DUFFY. That is correct.

Senator CAPEHART. But these people are not union?

Mr. DUFFY. These are nonunion.

Mr. KENNEDY. That is all.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Frank Witecki.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WITECKI. I do.

### TESTIMONY OF FRANK WITECKI

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. WITECKI. My name is Frank Witecki. My address is 3885 Harrison Street, Gary, Ind. My occupation is I am in the jukebox business.

The CHAIRMAN. You are what?

Mr. WITECKI. I am in the jukebox business.

The CHAIRMAN. You are in the jukebox business in what capacity?

Mr. WITECKI. I am an operator.

The CHAIRMAN. You furnish boxes to locations?

Mr. WITECKI. That is correct.

The CHAIRMAN. Do you own the boxes?

Mr. WITECKI. I do.

The CHAIRMAN. You purchase the boxes, own them, and then you try to place them around in different businesses so that they may be operated there?

Mr. WITECKI. That is correct.

The CHAIRMAN. All right. Thank you.

Mr. KENNEDY. You have been in business in Gary, Ind., for more than 10 years; is that right?

Mr. WITECKI. Yes, I have.

Mr. KENNEDY. You have jukeboxes and also you have a partnership in arcade equipment?

Mr. WITECKI. I do.

Mr. KENNEDY. You have been a member of the Automatic Equipment and Coin Machine Operators Service and Repairman's Union since 1947?

Mr. WITECKI. I have.

Mr. KENNEDY. You have also been a member of the association; is that right?

Mr. WITECKI. That is correct.

The CHAIRMAN. The association? What is the difference between the association and the union?

Mr. WITECKI. The association is an organization of the operators.

The CHAIRMAN. The businessmen, the owners?

Mr. WITECKI. The businessmen, the owners.

The CHAIRMAN. The fellow who is in the business?

Mr. WITECKI. That is correct.

The CHAIRMAN. And the union is supposed to represent the fellow who does the work; is that right?

Mr. WITECKI. That is right. However, in our circumstance, back in Gary, many of us do our own work on our own boxes and, thusly, we carry membership in the union.

The CHAIRMAN. I would like to ask if you place the boxes out and you, as the owner, service them personally, yourself, instead of hiring someone to do so.

Mr. WITECKI. That is correct.

The CHAIRMAN. All right.

Mr. KENNEDY. During 1955, or just prior to 1955, the area was flooded with these gambling-type pinballs?

Mr. WITECKI. That is right.

Mr. KENNEDY. And it was an outside group that brought them in; is that right?

Mr. WITECKI. Yes.

Mr. KENNEDY. They introduced them?

Mr. WITECKI. Yes.

Mr. KENNEDY. So it made it impossible for the independent operators to operate their machines in competition with this gambling-type of equipment?

Mr. WITECKI. Yes. Let me go into that. Actually, what it is is the operators in and around Gary operated phonographs.

The CHAIRMAN. Operated what?

Mr. WITECKI. Jukeboxes. And, at the same time, they either run shuffle alleys, bowling games, or some type or piece of arcade. When the pinballs came in, it was a situation where in many places they didn't have room for both of them. So, naturally, they took the gambling piece of equipment in preference to, say, the legitimate piece of equipment.

Next in line is with a gambling piece of equipment in a location and having a legitimate piece of equipment sitting next to it; naturally nobody is going to play the legitimate piece of equipment. They are going to spend their money where they possibly can win some money.

Mr. KENNEDY. If it was gambling-types of equipment, and illegal, why didn't the public prosecutor move in and seize the equipment?

Mr. WITECKI. We have been asking the same question.

Mr. KENNEDY. There was nothing done at all?

Mr. WITECKI. There has been nothing done.

Senator CHURCH. About when was it that this gambling-type pinball equipment was first introduced, approximately? Can you give me the year?

Mr. WITECKI. It is pretty hard for me to say. It has been some time ago.

Mr. KENNEDY. About how long ago? Was it 4 or 5 years ago?

Mr. WITECKI. No; it has been longer than that.

Mr. KENNEDY. About 1953? Would that strike you as about right?

Mr. WITECKI. Yes; I would say so, roughly, in guessing at it.

Mr. KENNEDY. At that time, as a rough estimate, these gambling-type pinball machines first began to appear. Who was the public prosecutor at that time?

Mr. WITECKI. I believe it was either Metro Holovachka, or else it was Dave Stanton, one of the two. I don't exactly recall who it was. But at the time of Dave Stanton's—

Mr. KENNEDY. The record shows that Mr. Holovachka was the public prosecutor. Is he still the public prosecutor?

Mr. WITECKI. No; he isn't.

Mr. KENNEDY. Maybe we should explain that. He is the chief deputy public prosecutor at the present time.

Mr. WITECKI. That is right.

Mr. KENNEDY. His chief assistant became public prosecutor in 1959 and he became his chief deputy.

Senator CHURCH. So the two have worked together throughout the whole period?

Mr. WITECKI. Yes.

Senator CHURCH. From 1953, then, until 1959, a period of approximately 6 or 7 years, these gambling-type pinball machines have been operating in Lake County?

Mr. WITECKI. That is correct.

Senator CHURCH. Do they operate in substantial numbers?

Mr. WITECKI. Definitely.

Senator CHURCH. Do they operate in the open?

Mr. WITECKI. Yes; they do.

Senator CHURCH. And it is common knowledge that they are in operation, and a fact generally known by the public of the county?

Mr. WITECKI. Yes.

Senator CHURCH. To your knowledge, has the public prosecutor taken any action during the course of this period to put an end to the operation of these machines?

Mr. WITECKI. No, sir.

Senator CHURCH. To your knowledge, are these machines operating in violation of the laws of the county and of the State?

Mr. WITECKI. Yes.

Senator CHURCH. Have you undertaken personally to make any protest to the office of the public prosecutor in an attempt to get the laws enforced?

Mr. WITECKI. No, sir.

Senator CHURCH. Why?

Mr. WITECKI. Sir, that is their job, to enforce the law, and if they can't see what is going on in that city and they have to have a little fellow like me come around and tell them how to run their business, then something is wrong.

We have taken our story directly to the Governor of the State, and we haven't gotten anywhere there either.

(At this point Senator McClellan withdrew from the hearing room.)

Senator CHURCH. When did you take this story directly to the Governor of the State?

Mr. WITECKI. If I am not wrong, it was approximately 1955 or in there somewhere.

Senator CHURCH. About 1955 or thereabouts?

Mr. Kennedy, our counsel, tells me that he has a copy of a resolution that you presented at that time covering this matter to the Governor. I think it would be an appropriate time to insert into the record a copy of this resolution.

I wonder, Mr. Kennedy, if you would question the witness concerning it, and read pertinent portions of it into the record.

Mr. KENNEDY. A number of you went down and visited the Governor; is that correct?

Mr. WITECKI. That is correct.

Mr. KENNEDY. Prior to that time, you had introduced some of this gambling-type equipment yourself; had you not?

Mr. WITECKI. That is correct.

Mr. KENNEDY. In order to try to compete with this outside group, you started to distribute this gambling-type equipment?

Mr. WITECKI. Yes, sir. It came to the point where you either start dealing in the equipment yourself or you were slowly going out of business.

Mr. KENNEDY. Then did you find that the representatives of the public prosecutor's office came around and raided locations where your equipment was?

Mr. WITECKI. They came out and started to remove equipment, being that it was gambling equipment, and if it was removed in a few days it was replaced by a syndicate machine.

Senator CHURCH. In other words, if I understand your testimony correctly, the public prosecutor has taken no action whatever against illegal gambling-type machines owned by the syndicate, but when you undertook to meet this kind of illegal competition with comparable machines, then the public prosecutor's office moved in against your machines, took your machine out, and a few days later the same type of machine was put in its place by the syndicate?

Mr. WITECKI. That is correct.

Senator CAPEHART. I would like to ask a couple of questions, Mr. Chairman.

Do all of these so-called gambling machines have the Federal stamps on them?

Mr. WITECKI. That I don't know, sir. Let us put it this way: At one time they did not, although a great portion of them today do have Federal stamps.

Senator CAPEHART. You know, of course, that the Federal law requires that if you have a gambling machine you must buy, I think it is, a \$250 stamp or \$100 stamp?

Mr. WITECKI. \$250.

Senator CAPEHART. Do you know how many such stamps have been issued in Lake County, Ind.?

Mr. WITECKI. No, sir; I don't.

Senator CAPEHART. Did you buy any yourself when you were operating these illegal machines?

Mr. WITECKI. Yes, sir; I have.

Senator CAPEHART. When you talk about an Indiana machine, do you mean it violates the Indiana State statute?

Mr. WITECKI. Let's put it this way: I would like to more or less explain in a way what constitutes so-called pinballs.

(At this point Senator McClellan returned to the hearing room.)

Senator CAPEHART. Why don't you tell us how these illegal machines operate?

Mr. WITECKI. First of all, the pinball is not the right name for the machine. The name of the machine actually goes by the name of Bingo. It is a Bingo machine. A pinball is actually a legitimate machine that is legal under the State of Indiana, and there are some around town.

The Bingo machine has recording devices by which payoff can be recorded.

Senator CAPEHART. Who makes the payoff?

Mr. WITECKI. It would have to be the location owner.

Senator CAPEHART. He makes the payoff?

Mr. WITECKI. Correct.

Senator CAPEHART. And it is called Bingo?

Mr. WITECKI. That is it.

Senator CAPEHART. And that is in violation of the Indiana law?

Mr. WITECKI. Yes. I would say so.

Senator CAPEHART. But not a violation of the Federal law?

Mr. WITECKI. That is correct.

Senator CAPEHART. And you can buy, can you, for \$250, a Federal stamp to go on that so-called Bingo machine?

Mr. WITECKI. Yes.

Senator CAPEHART. So we have the peculiar situation, then, where the Federal Government says, "If you will pay me \$250 you can operate an illegal machine," and the State of Indiana says, "It is illegal," is that the situation?

Mr. WITECKI. That is correct.

Senator CAPEHART. That is an unusual situation.

Senator CHURCH. May I say in that connection, if the Senator will yield, I have taken note as a result of earlier hearings into this general subject of this serious gap in the Federal law, and intend to introduce legislation this week designed to plug that gap so that these Bingo-type machines, which are in reality just horizontal slot machines and not legitimate amusement devices, will be outlawed under the Federal law, and thus prohibited from interstate commerce.

I think that with such a Federal law on the books we can put an end to the illicit traffic in these machines and thus assist in their elimination.

Just so the record is clear, this Bingo-type machine contains a recording device. It may be set up in such a way so that the award that is registered, registers as free games rather than paying out money to the owner; isn't that correct?

Mr. WITECKI. That is correct.

Senator CHURCH. But there is a recording device inside the machine so that if a large number of free games are recorded, then the location owner can pay off the player of the machine and the machine records the payment of the payoff, so that when the operator comes to open the machine and take out the coins there is a record there of the number of payoffs which is returned to the location owner and then the balance is split according to the arrangement. Is that the general way it works?

Mr. WITECKI. That is right.

Senator CHURCH. The distinction between this kind of machine and an ordinary amusement machine, a pinball machine that pays free games would be this, that the ordinary amusement machine would not contain one of these recording devices; is that not so?

Mr. WITECKI. That is correct. It does have a meter, possibly. Let us say you can win a free game. However, there is no way in order to keep a record of the payoff.

Senator CHURCH. And you must be able to keep a record in order for the machine to actually operate a gambling device; is that so?

Mr. WITECKI. That is correct.

Senator CHURCH. So for a plain amusement machine, no record is needed, no record is kept, no meter is in the machine and, besides that, the number of games that are paid off is considerably fewer than the number of games paid off by the bingo-type, which might pay off 60, or even a hundred free games, which are clearly not intended to be played off by the person using the machine, but are intended, rather, to register the amount of money to be paid to him over the counter.

That is right; is it not?

Mr. WITECKI. That is right.

Senator CAPEHART. Isn't the problem in Indiana under the law catching the man in the act of paying out the money? Hasn't that been the trouble in the courts? I mean, a slot machine is a slot machine that automatically pays the money.

Mr. WITECKI. Yes, sir; I imagine so.

Mr. KENNEDY. Technically; but that is not really the problem, is it?

Mr. WITECKI. No, sir. You don't have to catch everyone of them paying off.

Senator CAPEHART. Well, it has been in the courts out there a number of times in different places in the State.

Mr. WITECKI. Yes, sir; there have been some brought, primarily by the Federal Government, requesting a \$250 stamp.

Senator CAPEHART. In your operation, have you any contact with labor in respect of this matter other than being a member of local No. 1?

Mr. WITECKI. No, sir.

Senator CAPEHART. You had no other unions that ever interfered with you?

Mr. WITECKI. No, sir.

Senator CAPEHART. No outside unions?

Mr. WITECKI. No, sir.

Senator CAPEHART. No outside labor bosses?

Mr. WITECKI. No, sir.

Mr. KENNEDY. So it was with this background and the fact that the representatives of the public prosecutor's office, Mr. Holovachka's office, were actually in favor of this syndicate group that came in, that you decided to visit the Governor; is that correct? To see if you could get help and assistance from him?

Mr. WITECKI. That is correct.

Mr. KENNEDY. And at that time you brought in the resolution?

Mr. WITECKI. That is correct.

The CHAIRMAN. I hand you a document signed by some five people. It bears a seal. I will ask you to examine it and state what it is, if you can identify it.

(The document was handed to the witness.)

Mr. WITECKI. It is our union seal.

The CHAIRMAN. That is your union seal?

Mr. WITECKI. Yes.

The CHAIRMAN. What is the document?

Mr. WITECKI. The document is a resolution that we took to Governor Craig.

The CHAIRMAN. That document may be made exhibit No. 1.

(Document referred to was marked "Exhibit No. 1" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Who adopted the resolution? You say it is a resolution from whom?

Mr. WITECKI. Actually being that the operators that service their own machines are members of the union, it was basically a union with those operators that passed that resolution.

Mr. KENNEDY (reading):

Whereas an illegal coin-operated machine commonly known as the pinball, a gambling device which is now being operated in Lake County illegally under a monopoly, are driving the legitimate businessman and the union workman out



of work and are destroying a union organization established for the past 8 years in Lake County; and

Whereas it has been bad enough when gambling and vice have been in our midst without the permission of our local law enforcement agencies, but when such illegal activities have not only been condoned but actually encouraged to assume their monopolistic, illegal activities here, and when members of reputable unions are forced to become unemployed and idle because of this monopoly, then it is time to bring to light such nefarious activities, such activities that our law enforcing agencies cannot see; and

Whereas it does not take any great knowledge of human nature to realize that where the average individual is given the opportunity, while dining in restaurants or making purchases in various stores, that he will prefer to try his luck at a game of chance, rather than listen to a coin-operated musical device or any other legitimate amusement device, which are being serviced and operated by recognized union members, and, which do not pay off; and

Whereas our local enforcement agencies are unconcerned over the illegality of these activities and the resulting loss of employment to our operators, service, and repairmen, therefore, it would appear to be to their advantage to cooperate with the monopoly group and disregard the rights of the honest and law-abiding businessman and citizen; and

Whereas this is an evil which strikes at the very foundation of our free and democratic society, our freedom to organize for our mutual benefits and if such illegal activities are permitted to progress, our honest businessman and worker would be eliminated as they are unable to compete or cope with a monopoly; Therefore be it

*Resolved*, That inasmuch as our appeals to our local law enforcement agencies have been to no avail, we do now appeal to you, the Governor of the State of Indiana, to take steps to end this flouting of the laws of our State, and to eradicate this growth of monopoly in the coin-operated devices now existing in Lake County and to again allow our respected businessman and workingman to resume their rightful employment.

That was some 2 years ago, is that correct, that you went down there?

The CHAIRMAN. This does not appear to be dated. Do you remember how long ago it was?

Mr. KENNEDY. I think it was 1955.

Mr. WITECKI. It was during Governor Craig's administration.

The CHAIRMAN. What time did he serve as Governor?

Mr. WITECKI. I really couldn't tell you, sir.

The CHAIRMAN. Did you go with this group and present this to the Governor?

Mr. WITECKI. Yes; I did.

The CHAIRMAN. You went in person?

Mr. WITECKI. Yes, sir.

The CHAIRMAN. You knew it was delivered to him?

Mr. WITECKI. Yes, sir.

The CHAIRMAN. And you discussed it with him, I assume?

Mr. WITECKI. Yes, sir.

The CHAIRMAN. You don't remember just how long ago it was, some 2 or 3 years ago?

Mr. WITECKI. It must have been in 1953 category.

Mr. KENNEDY. I think it was in 1955.

Mr. WITECKI. Yes, sir.

The CHAIRMAN. You recite in there that you had been to the local law enforcement officers and tried to prevail upon them and without success. That explained the reason why you were going on up to the Governor. Is it true that you did appeal to the local law enforcement officers along the same line of complaint and urgency expressed in this resolution?

Mr. WITECKI. Sir, personally myself, I have never been to the police chief to complain that they are moving my machines.

The CHAIRMAN. You personally had not complained?

Mr. WITECKI. No, sir.

The CHAIRMAN. What is the basis for the statement in the resolution?

Mr. WITECKI. If I am not wrong, there were four other persons' names on there.

The CHAIRMAN. I understand, but was it just common knowledge that you couldn't get any cooperation from the law enforcement officers? I am not asking you now for hearsay other than is that the general understanding or the general knowledge, that you couldn't get any help from the law enforcement officers there?

Mr. WITECKI. Yes, sir; that would be the general idea.

The CHAIRMAN. Was it talked among you?

Mr. WITECKI. Yes, sir.

The CHAIRMAN. Did you know of others that had reported they had made an effort?

Mr. WITECKI. There were several of the fellows there that were operating, and they either were told to get their machines out, or they were picked up.

The CHAIRMAN. Told by whom?

Mr. WITECKI. They were told on several occasions probably—I recall the first time they were picked up by the city police.

The CHAIRMAN. Picked up by the city police?

Mr. WITECKI. That is correct.

The CHAIRMAN. They would take the old machines out or your independent operators' machines out, and bring in the syndicate machines?

Mr. WITECKI. They were picked up and later on the syndicate machines came in.

The CHAIRMAN. In other words, after yours were taken out, then the gambling machines came in?

Mr. WITECKI. Yes, sir, and at the same time during the period of operation by the syndicate, different operators have tried to operate that type of game, and they were told by the prosecutor's office to get them out.

The CHAIRMAN. In other words, when the local people undertook to put in the same gambling device or gambling machines, then the prosecuting attorney's office would tell them to take them out?

Mr. WITECKI. That is correct.

The CHAIRMAN. But the syndicate crowd did operate?

Mr. WITECKI. Yes, sir.

The CHAIRMAN. Is that your testimony?

Mr. WITECKI. Yes.

Senator CAPEHART. Now, I believe you did buy some of these gambling-type machines; did you not?

Mr. WITECKI. Yes, sir; I have.

Senator CAPEHART. Did you operate them?

Mr. WITECKI. For some time; yes, sir.

Senator CAPEHART. Are you operating them now?

Mr. WITECKI. No, sir.

Senator CAPEHART. When did you quit?

Mr. WITECKI. It is hard to say.

Senator CAPEHART. Was it a month ago, or a year ago?

Mr. WITECKI. It has been longer than that, sir. One by one they just slowly dropped by the wayside.

Senator CAPEHART. But you are still operating jukeboxes?

Mr. WITECKI. That is right.

Senator CAPEHART. Now, when you went to Indianapolis with this resolution, did you personally see the Governor?

Mr. WITECKI. Yes, sir.

Senator CAPEHART. The five of you went down there?

Mr. WITECKI. Yes, sir.

Senator CAPEHART. What did he promise you?

Mr. WITECKI. He called in the chief of police, the State police.

The CHAIRMAN. The State police?

Mr. WITECKI. Yes, and also he had his secretary there, I believe, which was Horace Coates.

The CHAIRMAN. Did he call in the attorney general?

Mr. WITECKI. No, sir; I don't believe so, not that I recall. However, he did promise us that something would be done and the matter would be straightened out as far as operating these types of games. However, absolutely nothing was done.

Senator CAPEHART. After you had the meeting with the Governor, is that when you went back and bought some of the machines yourself and tried to get into the business?

Mr. WITECKI. Not altogether. At that time, in that time there, that is when I purchased in partnership another route, and in that route there were a few of the bingo games, and later on in a period of time I did purchase some and tried to operate them.

Senator CAPEHART. Is it a fact that under Indiana law that the prosecuting attorney would be the one to prosecute?

Mr. WITECKI. That I don't know, sir.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. I would like to call two members of the staff to give the background of the group that operated these gambling type of machines and the profits made during this period of time. I would like to call Mr. Duffy and Mr. Thiede.

The CHAIRMAN. Mr. Duffy, you have been previously sworn.

The other witness will be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. THIEDE. I do.

#### TESTIMONY OF LaVERN J. DUFFY (Resumed) AND JOHN T. THIEDE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. THIEDE. My name is John T. Thiede. I live at 64 Forest Boulevard, Park Forest, Ill. I am auditor for the U.S. General Accounting Office.

The CHAIRMAN. How long have you been with the General Accounting Office?

Mr. THIEDE. It will be 4 years this October.

The CHAIRMAN. Are you a certified public accountant?

Mr. THIEDE. No, sir; I am not.

The CHAIRMAN. Are you an experienced accountant?

Mr. THIEDE. Yes, sir.

The CHAIRMAN. What is your rating in the Government, as to your employment?

Mr. THIEDE. My grade is GS-9.

The CHAIRMAN. Have you been working with members of the staff in the investigation on which we are now holding hearings?

Mr. THIEDE. Yes, sir.

The CHAIRMAN. How long have you worked with the staff?

Mr. THIEDE. On this particular case, I have worked since January.

The CHAIRMAN. I beg your pardon?

Mr. THIEDE. On this particular case I have worked since January.

The CHAIRMAN. On this particular case you have been working since January?

Mr. THIEDE. Yes, sir.

The CHAIRMAN. You have been working with and under the supervision of Mr. Duffy, have you?

Mr. THIEDE. Yes.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, Mr. Duffy, who were the individuals that we find that were behind this syndicate pinball machine operation?

Mr. DUFFY. We find that there are two individuals who control a monopoly in the Gary area, which would include the city of Gary, and the city of Hammond, with gambling-type pinball machines. Their names are George Welbourn and Steven Sohacki.

Mr. KENNEDY. Can you give us any background about those individuals?

Mr. DUFFY. Mr. Sohacki has a long business relationship in slot machines prior to entering the pinball business in 1953. In 1953, or I should say in September of 1952, he had a company called the Universal Sales Co., and he sold that particular company to Mr. Welbourn for \$25,000, and that was a pinball company. That is how they got started.

I might say also Mr. Holovachka came into office in January of 1953.

Mr. KENNEDY. Now, this operation was apart from the operation that we talked of earlier, of Formusa and Pinelli and Doyle?

Mr. DUFFY. That is the jukebox operation.

Mr. KENNEDY. And this was the pinball?

Mr. DUFFY. Yes.

Mr. KENNEDY. Now, what have we found for the years 1954, 1955, 1956, 1957, and 1958, of the collections from the gambling-type equipment, the pinball equipment for Mr. Sohacki and Mr. Welbourn?

Mr. DUFFY. We found the total collections for this pinball syndicate for these years is \$12,708,570.10. That is the total collections.

Mr. KENNEDY. That is the minimum, is it not?

Mr. DUFFY. That is a minimum, that is what we have been able to find.

The CHAIRMAN. Over what period of time?

Mr. DUFFY. From January of 1954 through December of 1958.

Mr. KENNEDY. Five years?

Mr. DUFFY. Five years.

The CHAIRMAN. December of 1958?

Mr. DUFFY. December of 1958.

The CHAIRMAN. January of 1954 to December of 1958?

Mr. DUFFY. Yes, sir; Senator.

Mr. KENNEDY. Five years.

Now, Mr. Duffy, how many machines did they have at their height?

Mr. DUFFY. We have been able to find, from their records, that they have, as of the present day, 1,278 gambling-type pinball machines.

Mr. KENNEDY. Do all those machines have gambling stamps?

Mr. DUFFY. We don't know that. We have been told by the officials of the company that they do have. But we have made our own investigation from the Internal Revenue office in Indianapolis, and we have been able to find out from their files how many Federal gambling stamps have been issued to Indiana and, particularly, Lake County, Ind.

Mr. KENNEDY. What do you find as far as those records? Do you have them there?

Mr. DUFFY. Yes, I have. I have a letter addressed to me from Mr. Sterling M. Dietrich, who is the district director of the U.S. Treasury Department, Internal Revenue Service, at Indianapolis. Would you like to have me read the letter?

The CHAIRMAN. Is it short?

Mr. KENNEDY. Just give the information, if you will.

Mr. DUFFY. It shows for the period of 1959 there are 1,667 Federal gambling stamps issued to the State of Indiana.

Mr. KENNEDY. Does it give it for Lake County?

Mr. DUFFY. Lake County has 430.

Mr. KENNEDY. So evidently—

Mr. DUFFY. I am sorry; that is not correct; 430 Federal gambling stamps for Gary, and the total for Lake County is 939.

Mr. KENNEDY. Evidently, all the machines of Sohacki and Welbourn are not covered?

Mr. DUFFY. Apparently not.

Mr. KENNEDY. But they are the only ones that operate outside of—

Mr. DUFFY. Of Hammond and Gary.

Mr. KENNEDY. They have the total monopoly in Hammond and Gary at the present time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. We are going into the operation of East Chicago?

Mr. DUFFY. That includes another company.

Mr. KENNEDY. That is another company.

What is of great significance, Mr. Chairman, is not just the fact that there was some \$12 million in 5 years as collections, but how much was made by the two individuals who were behind this operation.

I would like to have Mr. Thiede give us those figures, starting in 1954, what the returns of Mr. Welbourn and Mr. Sohacki show as far as the amount of money that they have made from this gambling type of equipment.

Mr. THIEDE. In 1954, both Mr. Sohacki and Mr. Welbourn reported \$160,228.56.

Mr. KENNEDY. That is \$160,000 apiece; is that right?

Mr. THIEDE. Yes. In 1955 they each reported \$424,007.

Mr. KENNEDY. Just from the pinball machines in these two cities, mainly in the two cities in Lake County, each one of them declared on their income tax as income from these machines \$424,000; is that right?

Mr. THIEDE. That is right.

Mr. KENNEDY. Then in 1956 they incorporated in the middle of 1956?

Mr. THIEDE. That is right.

Mr. KENNEDY. So the figures from then on are—

Mr. THIEDE. Prior to incorporation, for the first 6 months of 1956, they each reported \$259,071.37.

The CHAIRMAN. \$259—what?

Mr. THIEDE. \$259,071.37.

Senator CAPEHART. Is this what they paid taxes on?

Mr. THIEDE. Yes.

Senator CAPEHART. How much was their tax on that? That is, on the \$424,000, what was the tax?

Mr. THIEDE. I don't have that figure here, sir. We can get that. We have it in our files.

The CHAIRMAN. Was this gross?

Mr. THIEDE. Yes; this is the gross.

The CHAIRMAN. They had operating expense out of that, to be deducted from it, or was this net?

Mr. KENNEDY. This is net. This is what they reported.

Mr. THIEDE. As far as deductions for—

The CHAIRMAN. In other words, this is the amount they paid taxes on?

Mr. THIEDE. Yes.

Senator CAPEHART. Did they pay their taxes?

Mr. THIEDE. Yes.

Mr. KENNEDY. This is the net income that they reported after operating expenses.

Senator CAPEHART. And paid taxes on it.

Mr. THIEDE. That is right.

Mr. KENNEDY. Then they incorporated and they declared some \$259,000 for the first 6 months, so it would appear that they were going to have an even more profitable year, but they were making so much money they incorporated and for the second 6 months they declared \$24,000 apiece; is that right?

Mr. THIEDE. They went on a salary. That is the salary they received from the corporation, \$24,000.

Mr. KENNEDY. So after the middle of 1956, they went on salary and a bonus; is that right?

Mr. THIEDE. That is right.

Mr. KENNEDY. In 1957, each one of them declared \$100,000; in 1958, \$115,000?

Mr. THIEDE. That is right.

Mr. KENNEDY. All the rest went back into the operation of the company and they started to make other investments; is that correct?

Mr. THIEDE. That is correct.

Mr. KENNEDY. That is of particular interest to us because so much money was coming in they began to buy real estate around Gary, Ind.; is that correct?

Mr. THIEDE. Yes.

Mr. KENNEDY. They separated their operation and formed a company called the St. George Realty Co.?

Mr. THIEDE. Yes. That was formed on March 1, 1958.

Mr. KENNEDY. What was the relationship between the St. George Realty Co. and their pinball operation?

Mr. THIEDE. There was——

Mr. KENNEDY. Perhaps Mr. Duffy could explain that part.

Mr. DUFFY. We have to go back to the date of incorporation of July 1956. The name of the company at that time was called the Indiana Supply Co. That was a partnership between Mr. Welbourn and Mr. Sohacki. When they incorporated in July 1956, they renamed the company, calling it the Sunset Supply Co.

That continued in operation up until January of 1958, when they started with the idea they were going to separate their pinball machines and their operation from their other assets. So what they did was they sold all their pinball machines to a new company called the Star Supply Co.

The amount of money that they sold these machines for was, I think \$333,000——

Mr. THIEDE. \$330,102.81.

Mr. DUFFY. So this became a receivable on the books of the Sunset Supply Co. Then they merged. The Sunset Supply Co. merged with another company called the St. George Realty Co. That was the surviving corporation.

So all the assets that they had accumulated over the years became assets on the St. George Realty Co., while their assets of machines of the pinball operation were remaining in the Star Supply Co.

Mr. KENNEDY. And listed as a receivable on the St. George Realty Co.?

Mr. DUFFY. And the receivable on the books of the St. George Realty Co.

Mr. KENNEDY. That is, by 1958.

Mr. DUFFY. The value of the machines was then receivable on the St. George Realty Co. So the profits made from the Star Supply Co., the pinball operation, then were funneled in on this receivable into the St. George Realty Co.

So there is a continual flow of money from the gambling type of profits into the St. George Realty Co.

Mr. KENNEDY. As a matter of fact, they purchased a large number of pieces of property, including the piece of property that the post office, the Federal post office in Gary, Ind., is on? Isn't that owned by this group?

Mr. THIEDE. Yes, it is.

Mr. KENNEDY. Isn't it a fact that the money used to purchase the building that houses the post office was the money that was gained from the illegal pinballs?

Mr. THIEDE. Yes, sir.

Mr. KENNEDY. Isn't it a fact that the Federal Government now pays rent to this operation, this group, at the present time?

Mr. THIEDE. Yes.

Mr. KENNEDY. That is the St. George Realty?

Mr. THIEDE. Yes, sir.

Mr. DUFFY. They pay \$499.17 monthly rent on this particular building.

The CHAIRMAN. What did they do—build a post office building and lease it to the Government?

Mr. DUFFY. The post office building had already been built and constructed. They purchased the land and the lease out from under the prior owner and then collected the rent.

The CHAIRMAN. It is a lease-purchase project?

Mr. DUFFY. Yes; lease-purchase.

Mr. KENNEDY. And now the Federal Government pays to this operation \$499.17 a month rent.

Mr. DUFFY. That is correct.

Mr. KENNEDY. That is for the building and for the land.

You have there a list, do you not, of other pieces of property that they have purchased?

Mr. THIEDE. Yes, I do.

Mr. KENNEDY. Could we have that placed in the record?

The CHAIRMAN. How many are there?

Mr. THIEDE. There are nine buildings.

The CHAIRMAN. All right.

Do you have a list of it before you?

Mr. THIEDE. Yes.

The CHAIRMAN. That list may be made exhibit No. 2.

(List referred to was marked "Exhibit No. 2" for reference and is as follows:)

Mr. DUFFY. We give the total value of the buildings and land on the balance sheet of the St. George Realty Co. The total value and assets of the land and buildings owned by the St. George Realty Co. as of December 31 amounted to \$588,783.72.

The CHAIRMAN. Does that include the post office building?

Mr. THIEDE. That includes the post office building.

Mr. KENNEDY. Mr. Duffy, did they also trade in stocks to a considerable extent?

Mr. DUFFY. They traded in securities to a great extent. As of December 31, 1958, they had on their books, St. George Realty Co., assets in securities, \$145,475.55.

Mr. KENNEDY. During 1957 and 1958, however, they had purchased some 52,000 shares of stock for a total of \$423,000; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. So all in all it was an extremely profitable and going venture?

Mr. DUFFY. Yes, it certainly was and is.

The CHAIRMAN. Are these the folks that were able, according to the testimony here, to put the independent operators out of business or the independent union crowd?

Mr. DUFFY. This is the group that was able to run the independent union operator out of business and was able to take over the area and now has a monopoly.

The CHAIRMAN. They are the ones that moved the legitimate machines out, so to speak?

Mr. DUFFY. Yes, Senator.

The CHAIRMAN. And moved in the gambling machines?



Mr. DUFFY. That is right.

The CHAIRMAN. And they have a monopoly on them in that area; is that correct?

Mr. DUFFY. That is correct, Senator.

Senator CAPEHART. Do they have a union?

Mr. DUFFY. No, they do not, Senator.

Senator CAPEHART. They are not affiliated with any labor organization?

Mr. DUFFY. I might say this, Senator: that they have another affiliate company which we are going into later in the course of these hearings that does have union members, so there is a union relationship here.

Senator CAPEHART. But their employees do not belong to the union?

Mr. DUFFY. Some of their employees do.

Mr. KENNEDY. Are there any other figures there?

Mr. DUFFY. No.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Margaret Hagler, Mr. Chairman.

The CHAIRMAN. Mrs. Hagler. Besworn.

You do solemnly swear the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. HAGLER. Yes, sir.

#### TESTIMONY OF MRS. MARGARET HAGLER

The CHAIRMAN. State your name, your place of residence, and employment or occupation.

Mrs. HAGLER. My name is Margaret Hagler. I live in Westville, Ind. I operate a restaurant.

The CHAIRMAN. You operate a restaurant?

Mrs. HAGLER. Yes, sir.

The CHAIRMAN. How long have you operated a restaurant?

Mrs. HAGLER. At the place I am now, just 3 months.

The CHAIRMAN. At the place you are now, 3 months. Did you operate a restaurant somewhere else prior to that time?

Mrs. HAGLER. In Lake County.

The CHAIRMAN. In Lake County?

Mrs. HAGLER. Yes, sir.

The CHAIRMAN. Where did you operate in Lake County?

Mrs. HAGLER. On U.S. 30, 3 miles east of No. 53.

The CHAIRMAN. How far?

Mrs. HAGLER. Crown Point.

The CHAIRMAN. Crown Point. How long did you operate that restaurant?

Mrs. HAGLER. Eight months.

The CHAIRMAN. Eight months. Had you operated a restaurant prior to that time?

The CHAIRMAN. Where?

Mrs. HAGLER. In Michigan.

The CHAIRMAN. In Michigan?

Mrs. HAGLER. Yes.

The CHAIRMAN. At what place in Michigan?

Mrs. HAGLER. Kalkaska, Mich.

The CHAIRMAN. How long did you operate that one?

Mrs. HAGLER. Two years.

The CHAIRMAN. How long have you been in the restaurant business?

Mrs. HAGLER. Nine years.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. On June 18, 1958, you moved your restaurant from Porter County, Ind., to a location on Route 30, just east of Highway 53, at Merrillville, Ind.; is that right?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. That is in Lake County. Along with the equipment that you moved, you brought your two pinball machines?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. You had them in your other restaurant in Porter County?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. Those two pinball machines were operated by Mr. Albert Steele of Valparaiso, Ind.?

Mrs. HAGLER. Yes.

Mr. KENNEDY. Prior to your opening your restaurant, did you check to find the adequacy of your septic tank?

Mrs. HAGLER. Yes.

Mr. KENNEDY. That was with the Lake County health authorities and they cleared you on that; is that right?

Mrs. HAGLER. Yes.

Mr. KENNEDY. That will be of some significance as we go along.

On June 23, 1958, shortly after you opened the restaurant, did you have a visitor from the Lake County prosecutor's office?

Mrs. HAGLER. Yes, I did. I had Walter Conroy.

Mr. KENNEDY. That was on June 23, 1958?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. Walter Conroy. Would you tell us what happened in connection with his visit?

Mrs. HAGLER. I was in the back of the restaurant, and I had one of the waitresses watching the front. She was 18 years old. He came in and played the pinball machine and hit it for \$1.50. She paid him off. He asked for me. When I came out, he said, "Your girl just paid off here. I want these machines taken out."

The CHAIRMAN. Your girl what?

Mrs. HAGLER. He said, "Your waitress just paid me \$1.50. I want these machines pulled out."

I said, "Well, she didn't know any better. She was told not to pay off."

He said, "I can't help it. I want these machines pulled out."

I said, "All right, I will notify Al."

Mr. KENNEDY. "Al" being Al Steele?

Mrs. HAGLER. Al Steele.

The CHAIRMAN. He was the owner of the machines?

Mrs. HAGLER. Yes. He said, "I will give you until Wednesday to pull them out." That was on a Monday. So I called Al, Mr. Steele, and he said, "Just leave them in and see what happens." So I left them in.

The CHAIRMAN. "Leave them in and see what happens"?

Mrs. HAGLER. "See what happens." On Wednesday, Mr. Conroy came back and Mr. Steele in the meantime had told me to get his license number off of his car when he come in. So I was in the back and I told my girl, "When he comes, you call me and let me know." So on Wednesday when he came I was in the back and the girl came and told me. I had my little boy, who is 11 years old, get on the bicycle and ride around the building and get his number, which I gave Albert Steele.

When I came out, he asked why I didn't have the machines pulled out. I said, "Well, Al told me to leave them in." I told him Al had financed me in the business, which he didn't. But I figured it would help.

The CHAIRMAN. Al had what?

Mrs. HAGLER. Had financed me in the business.

The CHAIRMAN. Planned to be in the business?

Mrs. HAGLER. He had financed me in the business. But it wasn't true. I just told him that, figuring that he would leave the machines alone.

He said, "I don't care. I want no excuses. I want these machines pulled. Don't you know I could arrest you for having an 18-year-old girl pay me off?"

I said, "Well"—he said, "I will be back Friday and I want those machines pulled out or I will smash them."

Mr. KENNEDY. He said he would smash them if you didn't?

Mrs. HAGLER. That he would smash them. Mr. Conroy got back at 9 o'clock. Al came in at 8:30 in the back of the restaurant. I have a big garage and he drove his car back there, him and his boy. We waited for Mr. Conroy to come. He came with a deputy sheriff, a colored man. He walked in and asked me how come I hadn't pulled the machines out.

First he asked where Steele was, and I said, "He is just around, looking at his business." Al came out of the back room. I didn't listen to what they had to say, but when they got over by the door, Conroy must have showed him his badge because I heard Al say, "I can buy those in the dime store for 10 cents. They don't mean nothing to me."

They said something about going to the courthouse and they all left together. About 45 minutes later, Albert Steele came back and said, "Margaret, we will have to pull the machines out. I don't want to cause you any more trouble."

I said, "What's wrong?" and he said, "Well, they will get you for letting that 18-year-old girl pay off."

Mr. KENNEDY. That is the excuse he gave at the time?

Mrs. HAGLER. Yes, at the time. But really, I understood later that it was the health authorities wouldn't give me an OK on my restaurant.

Mr. KENNEDY. You understood later on that the deputy, Mr. Conroy, had said to him that he could arrange that the health authorities wouldn't OK your restaurant?

Mrs. HAGLER. Would not OK my restaurant.

Mr. KENNEDY. Saying that the septic tank was not adequate?

Mrs. HAGLER. Just wouldn't OK it.

Mr. KENNEDY. That is, if they wouldn't take the machines out?

Mrs. HAGLER. They didn't specify one thing individual, but they——

Mr. KENNEDY. But we will have more testimony on that.

So the machines were removed; is that right?

Mrs. HAGLER. We put them in the back and Al came a few days later and picked them up. He told me at the time, "They will bring their machines."

Mr. KENNEDY. Who told you that?

Mrs. HAGLER. Al Steele.

The CHAIRMAN. Told you what?

Mrs. HAGLER. That they would bring their machines. I asked what I should do, and he said, "Let them put them in. There is nothing else we can do." So I said, "All right."

A few days later a man came in whose name I don't know, though I know him when I see him, and he looked around and said, "No pinball machines?" and I said, "No, no pinball machines."

He said, "How would you like to have some?" I said, "I am not allowed to have none. Conroy pulled mine out."

He said, "You let me worry about Conroy," and I said, "No, I don't want to have the trouble."

He said, "Look, we can either"—

Mr. KENNEDY. Would you repeat that, please?

Mrs. HAGLER. He said, "I can say, 'Can I put these machines in' or 'I am going to put them in.'"

The CHAIRMAN. He told you he could say "Can I put them in?" or tell you that he is going to put them in?

Mrs. HAGLER. Yes. He said, "As long as we are doing business together, I would rather say 'Can I put them in.'"

I said, "I take it I don't have any other choice." So I said to him, "Well, I figure I might as well try to patch up."

I knew I had to live there and get along with them. I told him, "I don't know what kind of setup you have here. Where I come from, we can take our pick from who we want. I didn't know we had to take from one."

Previous to that, when Conroy was in, I mentioned to him on a Wednesday, "If I take my pinball machines out of Gary, would it be different?" and he said, "We never have trouble with our Gary pinball machines."

The CHAIRMAN. Never have trouble what?

Mrs. HAGLER. "With our Gary pinball machines."

Mr. KENNEDY. Meaning if you, instead of getting your machines from the Porter County, if you got your machines from Gary, Ind.—

Mrs. HAGLER. There would be no trouble. So when I talked to this contact man he told me. When they put the machines in, I told him, I said, "Well, you wasn't very much of a man; otherwise you would come down and sit down and talk to me and tell me the setup and we wouldn't have this trouble to start with."

He asked how long I had been without my machines and I said a little over a week. He said seeing that he was at fault and it was them that made the mistake, that he would let me have whatever I took in the first week, 100 percent, the whole thing.

Mr. KENNEDY. Instead of splitting it?

Mrs. HAGLER. Instead of splitting it, and which he did.

Mr. KENNEDY. He hadn't showed up the day after your other machines were removed.

Mrs. HAGLER. That, and because he hadn't sat down and talked to me when I first come in and told me what the setup was.

Mr. KENNEDY. So he allowed you to keep the whole first week of profits; is that right?

Mrs. HAGLER. Yes.

Mr. KENNEDY. Is that right?

Mrs. HAGLER. Yes.

Senator CAPELLART. Who was he?

Mrs. HAGLER. Their contact man.

Senator CAPELLART. What was his name?

Mrs. HAGLER. I learned later his name was Randall.

Senator CAPELLART. What company put the machines in?

Mrs. HAGLER. They wouldn't give you no name.

Senator CAPELLART. Wasn't there a name on them?

Mrs. HAGLER. No. They wouldn't give you no name, no nothing, just a telephone number.

Senator CAPELLART. If you had to service them, what did you do?

Mrs. HAGLER. That was just the telephone number.

Senator CAPELLART. You didn't know who owned the machine?

Mrs. HAGLER. No, sir.

Mr. KENNEDY. Isn't it a fact that nobody in Lake County knew who owned all these machines that were placed?

Mrs. HAGLER. No, they did not.

Mr. KENNEDY. In no case was the name of the company ever given to anybody?

Mrs. HAGLER. It was never given.

Mr. KENNEDY. So the only thing you were given was a telephone number and even the man who came around to visit wouldn't give his name ordinarily?

Mrs. HAGLER. No.

Mr. KENNEDY. So the only thing you were ever given was a telephone number?

Mrs. HAGLER. That is all.

Mr. KENNEDY. Actually, nobody knew up until the present time, the last half hour, who actually owned all of these machines?

Mrs. HAGLER. No, nobody.

The CHAIRMAN. Did the prosecuting attorney know about that? Did he know that you were being compelled to take out your machines and to replace them with these others?

Mrs. HAGLER. Mr. Conroy told me he was working out of the prosecuting attorney's office. He was the chief investigator.

The CHAIRMAN. In other words, the man that arranged all of this and compelled you to do it was Conroy, who you understood was out of the prosecuting attorney's office?

Mrs. HAGLER. Yes.

The CHAIRMAN. I assume we can show that.

Mr. KENNEDY. Yes.

The CHAIRMAN. There will be no doubt about that, that he was with the prosecuting attorney's office.

Mrs. HAGLER. Yes, sir.

The CHAIRMAN. He is the man who talked to you and told you you had to take the machines out?

Mrs. HAGLER. Yes. And he was the one—I also asked if I took my machines out of Gary if it would be different, and he said yes, he never had trouble with the Gary machines.

The CHAIRMAN. In other words, if you would get certain machines in there, you would have no trouble. After you got these machines in there, did you have any trouble?

Mrs. HAGLER. No, I didn't have any trouble until Mr. Sinclair showed up.

The CHAIRMAN. Are you talking about the investigator?

Mrs. HAGLER. Yes.

The CHAIRMAN. Then they began to give you trouble?

Mrs. HAGLER. They got sacred, I guess.

The CHAIRMAN. What happened?

Mr. KENNEDY. Relate about his visit and what happened. He came to see you on December 10, 1958?

Mrs. HAGLER. Yes.

The CHAIRMAN. That is the investigator for the committee?

Mrs. HAGLER. Yes, sir.

The CHAIRMAN. All right.

Mrs. HAGLER. After he left, of course, me living there, I had to call them. I called the number they give me, and told them that Mr. Sinclair was down to see me, and they said, the woman that answered, "I will get abold of this man and send him over and he will talk to you." So within a short while he was over at the restaurant.

The CHAIRMAN. Who came?

Mrs. HAGLER. Randall, as far as I know his name, the contact man.

The CHAIRMAN. Randall, their contact man, came.

Mrs. HAGLER. Of course, when Sinclair was there, he didn't tell me what he was there—I didn't know exactly what he was there for. He was just kind of questioning me on my jukebox machines and pinballs. Randall asked who it was and I told him, and he said, "Well, don't show him your books."

Well, at the time I didn't have my books. My bookkeeper had them. I couldn't show them if I wanted to. I asked why, and he said, "That is income tax."

Mr. KENNEDY. He said it was the income-tax people investigating you?

Mrs. HAGLER. Yes. I said, "Oh?" He said, "Just don't show him your books." I said, "I don't care if they see my books." He said, "Just don't show them your books, and don't tell them nothing." I said, "All right."

So we got along pretty good then until Mr. Kennedy showed up.

The CHAIRMAN. And he interfered?

Mrs. HAGLER. Yes.

Mr. KENNEDY. That was on December 17, 1958?

Mrs. HAGLER. Yes. And as soon as he left, I knew then what they were, what they were for, and so I called again and told them Mr. Kennedy had been out to see me, and she asked, "Are you sure?" and I said, "Yes."

She said, "Well, I will send him right over." So he came over and he said to me, "Are you sure it was Mr. Kennedy?" and I said, "Yes"; and he said, "Don't show him your books."

I said, "Look, don't kid me. I know who those guys are. They are the Racket Committee out of Washington. They are not income-tax guys. I don't care if they see my books anyway." I said, "I don't know who this Anderson is." I knew who Conroy was, but they kept asking—Mr. Sinclair kept asking me about Anderson, and I didn't know who Anderson was at the time. He is a jukebox man.

But he told me that it was another guy trying to push in on Lake County, that them two was kind of feuding.

Mr. KENNEDY. When Mr. Sinclair had asked you about the operation of Mr. Anderson, and Randall told you that was an outside group—

Mrs. HAGLER. That it was an outside group trying to move in.

Mr. KENNEDY. Actually, Mr. Randall and Mr. Anderson both work for the same company, as we will show, Mr. Chairman, but they were trying to cover up the activities of this syndicate operation.

Mrs. HAGLER. I told him they said something about subpoenaing me, and he said, "Well, you better keep your mouth shut because it won't do you any good to talk."

I said, "Well, if they subpoena me, I am not going to get up there and lie. You guys put me in the middle long enough. Somebody else is going in there and it isn't going to be me."

He said, "Well, it is your word against mine," and I said, "Well,"—and he said, "Your word against Conroy's, too."

I said, "You ask Conroy if he remembers the day we stood at the pinball machine and I asked him if I got them out of Gary if it would be different. Ask him if he remembers three men sitting at the table. I had them there as witnesses." But I didn't. That was a bluff I pulled.

The next day I was in the back and the girl came out and called me and said Conroy wants to see me, and I went out, and he had the machines halfway out. He said, "I am pulling the machines out"; and I said, "You can't touch those machines. You didn't see a payoff." He said, "You caused me enough trouble." He said, "What did I tell you?"

I said, "I don't know what you told me. You tell me one thing and somebody else tells me something." I said, "What about my dimes?" and he said, "Those dimes will go to charity." So he took the pinball machines out and asked would I please hold the door open for him.

So then I called the syndicate and told him their machines had been pulled out by Conroy. That was 10 o'clock in the morning. She said, "I will send somebody right over." He didn't get over until 12 o'clock that night.

I remarked to my girls at the time, for a man who lost two machines he sure doesn't seem excited about it or anything. So when he came in at 12 o'clock he apologized for being so long. So we went in the back and we was talking, and I told him, "Who pulled the machines? Let's not kid ourselves no more. You know who pulled the machines. Conroy pulled the machines."

He said, "Do you know I just lost two machines?" and I said, "You didn't lose two machines. I am not so dumb. They are in Conroy's office. Go get them. But I will give you some friendly advice."

He said, "What is that?" and I said "Don't ever use them because Kennedy and Sinclair took the numbers off of them." I said, "How about my dimes, my payoff?" and he said, "Well, let's wait a few days and if you don't get them back I will see that you get your payoffs."

The CHAIRMAN. You are talking about your share of what was in the machine?

Mrs. HAGLER. No. I was talking about the payoffs.

The CHAIRMAN. What is the payoffs?

Mrs. HAGLER. When somebody hit the machine.

The CHAIRMAN. On what?

Mrs. HAGLER. When somebody hits the machine.

The CHAIRMAN. You had been paying out payoffs and hadn't gotten your money back?

Mrs. HAGLER. He said, "I will see that you get your payoffs even if you don't get the machines back in." But I never did. I never heard no more of the dimes or nothing. I don't know what become of them.

The CHAIRMAN. So you lost the payoffs?

Mr. KENNEDY. And the dimes.

What happened after that?

Mrs. HAGLER. Then after that, about 2 nights later—well, Conroy said to me before he went out the door, "I am going to get even with you." So about 3 nights later some boys, young men, from Merrillville and Gary, just right around that area, started coming in and asking for girls, and I asked them where they come from and who sent them. They wouldn't say.

I talked to them in an nice way. I told them, "You just got the wrong idea." On a Friday there was a truckdriver left that restaurant and he told me this later, that the sheriff's department pulled him off the side of the road and asked if he knowed me, and he said, "Yes, I have known her for a long time. Why?"

He said, "Well, what kind of place does she run down there? I heard she is running a place down there." He said, "Look, I know her for a long time, in fact I know her family, and you better not let her hear you say that." He tried to get back to tell me, but he didn't have a chance.

Mr. KENNEDY. What else did he say to him?

Mrs. HAGLER. This is another one.

Mr. KENNEDY. All right.

Mrs. HAGLER. So Friday these two boys come in and sat down and ordered a meal and pretty soon two more came in and sat down. The waitress took the order and I walked over and sat down at the table and drank a cup of coffee. One of them motioned to me to come over. I went over and he ask for a girl.

I said, "Where are you from?" and he said, "From around." I said, "Who sent you?" and he said "Nobody in particular." I said "Just what makes you think you can get a girl here?" and he said, "I just heard." I said, "You just get up and get out of here and don't you ever come back in here."

He looked over and seen some guys at the table and said, "Oh, I guess I am not one of them." When he did that, I slapped him a few times and told him to get out and he still wouldn't. So I went in the kitchen and got my blackjack. I started back and a couple of truck-



drivers said, "Margaret, don't hit him, we will put him out for you," and I said, "All right." So they made him get up and leave.

That was on a Friday. Right away I went and called the State police and I told them. I figured these boys were being sent over just to aggravate me and get me mad, I suppose. I said I had threatened to beat one of them with a blackjack. They said, "Well, do you want us to come down?" I said, "There isn't any sense of your coming down here and sitting in front: no one is going to get smart."

He said, "Well, if anything happens, let us know." I said "All right." So the next night was a Saturday.

MR. KENNEDY. What about the truckdriver that was the friend of yours that was driving off?

MR. HAGLER. Then this one truckdriver, he had been eating with me for about 2 years or so. I have known him for a long time. He left the restaurant about 4 o'clock in the morning. The sheriff's car pulled him off the side of the road.

I was talking to him and he said it was Conroy that got out of the sheriff's car and went to the truck. He asked him, "Are you going with Maggie?" and, of course, I had told him about the trouble. So he kind of figured it was all in on this, and he said, "Yes, if you want to call it that." He just wanted to see what they would say. He said, "Yes, if you want to call it that."

They said, "Well, we don't want you to go with her." He said, "Why?" and they said, "Well, we just don't want you to. There is going to be trouble down there."

He said, "What kind of trouble?" and they said, "That is what we mean, it is none of your business. We don't want you down there." That was before the boys started coming in.

He said, "Well, I will go along with her anyway." They said, "You have an awful big truck here, haven't you," and he said, "Yes."

"There are a lot of rough roads between here and Ohio."

He said, "What do you mean?"

They said, "Well, we would hate to see this in a big heap with you in the middle of it. Wouldn't you?"

MR. KENNEDY. This was a representative of the sheriff's office saying this to the truckdriver?

MRS. HAGLER. Yes, to the truckdriver.

MR. KENNEDY. That it is a rough road between there and Ohio and they—

MRS. HAGLER. They said, "We would hate to see this in a big heap with you in the middle of it."

They said, "Do you understand what we mean?"

And he said, "Yes, you make it plain enough."

MR. KENNEDY. Did he stay away from you then?

MRS. HAGLER. Yes. He never came back any more until I was chased out of the place.

MR. KENNEDY. Why did he tell you he was staying away?

MRS. HAGLER. Because he was afraid of them. Then I took my little boy, had my sister take him to Michigan, and stayed there for 2 months.

MR. KENNEDY. What happened on that Saturday?

MRS. HAGLER. Then on that Saturday—I was closed on Saturday afternoon because I didn't want drunks coming on Saturday night.

I was close to a beer garden and close to town. I would close on Saturday afternoons and open Sunday evenings.

Mr. KENNEDY. You always closed Saturday afternoons because you didn't want these people?

Mrs. HAGLER. These drunks, no.

So I had done my shopping and I got back, and a couple of the girls were helping me clean the restaurant up. It was after dark and I pushed all the tables up close to the door. There was a couple of cars circling then, and I figured that is what they were, some of the boys, and I went in the kitchen and got my blackjack and laid it in the kitchen by the door. They circled the building a few times and left.

In the meantime, a couple of trucks pulled in and I run outdoors and asked if they wouldn't stay around a while until I seen what happened. They said, "O.K.," and they pulled their trucks around the back and I let them in the back way.

We sat there watching television and I was finishing cleaning the kitchen.

They circled a few times and left.

It was about 12 o'clock and my little boy asked if he couldn't please stay up and watch television. He didn't have to go to school the next day, and I said yes, he could. He sat watching television.

I went around to the kitchen to make some tea.

Frances, one of the girls, was in front combing here hair. She was also playing the jukebox.

This car pulled up and this guy got out and knocked at the door, and she went to the door and said, "I am sorry, we are closed."

He said, "I am looking for somebody."

She said, "There is nobody here, we are closed."

He said, "I want to see the boss."

He pushed in and walked into the kitchen. He asked me for a girl, and I said, "I want to know where you are from."

He said he was from around there. Finally he said Merrillville.

I said, "I want to know who sent you."

He said, "Nobody."

I said, "You must have heard it from someplace."

He said, "Nobody in particular."

I said, "What gave you that idea, then?"

And he said, "I just know I can."

I said, "You really think you can get one?"

And he said, "I just know I can."

I started to go back to call the two truckdrivers, and he started calling me back, and the boys jumped him at the door as he started back, or the one did, and when he got him to the door he stuck his hand in his pocket and he said—he cussed him and he said, "I will kill you," and the guy got scared.

He grabbed the blackjack that I had laid on the table and hit him with the blackjack and hollered for Lee to help him put him out.

When Lee came out, he either got kicked or something, but he got knocked down. He never did get in the fight. The one truckdriver chased him out. He got out and the guy ran as far as the car and turned around and hollered something else. The truckdriver started to hurl the blackjack at him, and the guy kept running down the road.

I got back and called the State police.

Mr. KENNEDY. And shortly afterward they preferred charges against the truckdrivers?

Mrs. HAGLER. Yes; the State police came and took statements, and the two boys said, "We will stay here for a while until you get this settled," and I said, "Okay."

In the meantime, William Jones, the constable, came down from Merrillville and arrested them for assault and battery.

Mr. KENNEDY. Arrested the truckdrivers?

Mrs. HAGLER. The two truckdrivers.

So I went their bond. They had them up for \$1,000 apiece, and I went and got them out. The bondsman—of course, I give him the \$200 and the \$20 under the table, I suppose you call it. They wanted \$20 extra, when they come to collect the money.

And they called me up later and asked what lawyer I had. I wouldn't tell them. They wanted me to get a lawyer out of Gary, which I would know to be very foolish.

So I got one out of Knox.

So I heard then that they had another warrant out for the boys for attempt to kill. So I told my lawyer, that was on a Wednesday, and he called the courthouse and asked if there was another warrant out for the boys, and they said, "I don't know, we will check."

They checked and said no. They said, "No, there isn't, and there can't be until after the first of the year, because the judge isn't in."

So the boys were supposed to have been over at the justice of the peace at 4 o'clock that Friday afternoon, and at 3 the sheriff came in and arrested them again for attempt to kill. Here all the time they had had that warrant, but they wouldn't tell the lawyer that they had this new arrest warrant for the boys.

Mr. KENNEDY. So they arrested them for attempt to kill?

Mrs. HAGLER. For attempt to kill; and \$10,000 bonds. The lawyer called the Teamster Union out of Indianapolis, San Soucie, and he got in touch with somebody and right away they cut it down and I got them out for \$500—\$200 apiece, and then \$100—just \$100.

Mr. KENNEDY. So what happened after that?

Mrs. HAGLER. Then they kept coming in and saying they were going to arrest me for this and arrest me for that. Then I was scared. I took my little boy to Michigan. So I just, you might say, got up and walked out.

Mr. KENNEDY. You sold?

Mrs. HAGLER. Yes. I never got no money out of it. I sold it. I am supposed to get it, but I never have.

Mr. KENNEDY. You turned it over to somebody else?

Mrs. HAGLER. Yes. She was supposed to give me the money. She said she would get hold of the syndicate and see if they would give the money, but she said they kept giving excuses.

Mr. KENNEDY. Did she have a conversation with Conroy?

Mrs. HAGLER. Yes. After I moved. I moved on the 3d and 4th of January. I gave her the telephone number and said, "If you want pinball machines call this number and they will give them to you."

She called, and I was there when she called. They must have told her that they wasn't going to give her no pinball machines, and she said, "Well, Margaret don't own this anymore." She said to me, "They want a bill of sale and they want to see the contract and they

want to see your name off the building before they give the pinball machines."

I left and I came back the 9th of January and she had pinball machines. I asked about it and she said Conroy had come and talked to her and told her that if I had been there 10 years I wouldn't have gotten pinball machines, that I had caused too much trouble.

Mr. KENNEDY. That was Conroy from the prosecuting office?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. But a few days later you sold it?

Mrs. HAGLER. Yes. I went back the 9th and they were in. I left there the 4th and when I went back the 9th they were in there.

Mr. KENNEDY. So within 5 days at least they had the machines in again?

Mrs. HAGLER. Yes.

Mr. KENNEDY. And she had had a conversation with Conroy and she said if you had remained the owner she wouldn't be able to get machines; is that right?

Mrs. HAGLER. That is right.

Mr. KENNEDY. So you sold out and moved to another county?

Mrs. HAGLER. Yes.

Mr. KENNEDY. And you have a restaurant there now?

Mrs. HAGLER. Yes.

Mr. KENNEDY. And everything is happy?

Mrs. HAGLER. I guess so.

Senator CAPEHART. This all happened after Kennedy and Sinclair visited you?

Mrs. HAGLER. Yes. They got scared. That is the reason all of that started, I know it was.

Mr. KENNEDY. You have shown a lot of courage.

Senator CAPEHART. You don't belong to a union?

Mrs. HAGLER. No, but I think I will join one.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Albert Steele.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STEELE. I do.

### TESTIMONY OF ALBERT STEELE

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. STEELE. My name is Albert Steele. I live at Rural Route 4, Valparaiso, Ind. I am in the carnival business and I am in the coin-machine business.

The CHAIRMAN. How long have you been in such business, Mr. Steele?

Mr. STEELE. Well, I have been in the carnival business since about 1958. I worked at Magill-Berry Co. for 17 years. During the process of being in the carnival business I bought a penny arcade.

The CHAIRMAN. You bought a what?

Mr. STEELE. A penny arcade.

And through having these penny arcade machines around my hometown, I didn't have anything to do with them in the wintertime and I placed them in some of the bowling alleys and skating rinks, and so forth, and in that way I got into the coin-machine business.

The CHAIRMAN. Did that include jukeboxes or just the pinball machines?

Mr. STEELE. Well——

The CHAIRMAN. When you say the coin machine business——

Mr. STEELE. The coin machine business; that was mostly games.

The CHAIRMAN. Gambling machines?

Mr. STEELE. Not to begin with, no.

The CHAIRMAN. Not to begin with. Later?

Mr. STEELE. Yes.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. During the first few years you had just this arcade equipment; is that right?

Mr. STEELE. That is right, sir.

Mr. KENNEDY. And then these gambling type pinballs began to be introduced into the area?

Mr. STEELE. That is correct.

Mr. KENNEDY. So in order to compete you also began distributing the gambling type of equipment?

Mr. STEELE. Well, my locations were approached by my competitors, and they know that there is more money to be made with gambling machines, or pinballs, as you call them, than there is with legitimate machines. So to keep my business, I naturally said that I could and would put in the bingos. Really, we should call them bingos or eight-balls.

Mr. KENNEDY. The gambling type of equipment?

Mr. STEELE. Bingos.

Mr. KENNEDY. That is correct even though the gambling type of equipment was illegal at that time?

Mr. STEELE. I don't think it was. We are probably going to have a decision on that by the Indiana Supreme Court.

Mr. KENNEDY. The gambling type of equipment——

Mr. STEELE. If you can use them for gambling. But you don't have to.

Mr. KENNEDY. You weren't distributing them for ornaments.

Mr. STEELE. No, I am a businessman.

Mr. KENNEDY. Then it was payoffs, was it not?

Mr. STEELE. If they wanted to, they could. They didn't have to.

Mr. KENNEDY. That is the purpose, is it not?

Mr. STEELE. We have other types of machines.

Mr. KENNEDY. I am talking about these machines.

Mr. STEELE. You can gamble on them, yes.

Mr. KENNEDY. That is the purpose.

Mr. STEELE. I think they are more or less designed for that; yes.

Mr. KENNEDY. More or less? It is more than less. That is the kind of equipment it was, as you described yourself, gambling type equipment for the purpose of gambling.

Mr. STEELE. I will concede.

The CHAIRMAN. You didn't use those machines until you ran into the gambling competition?

Mr. STEELE. I didn't know what they were. I do not gamble myself. (At this point Senator Church withdrew from the hearing room.)

The CHAIRMAN. So when you found you were running into that type of competition, you tried to meet it?

Mr. STEELE. I did; that is exactly right.

The CHAIRMAN. And you got the same type of locations?

Mr. STEELE. That is right. I would have lost my locations had I not.

Mr. KENNEDY. You had pinball machines in Maggie's truck stop, did you not, in Porter County?

Mr. STEELE. That is correct.

Mr. KENNEDY. In June 1948 she had a restaurant in Lake County; is that right?

Mr. STEELE. That is correct.

Mr. KENNEDY. And she brought your machines with her?

Mr. STEELE. That is correct.

Mr. KENNEDY. Within a couple of weeks she was visited by Walter Conroy, as has been testified to, and then she got in touch with you; is that right?

Mr. STEELE. That is right.

Mr. KENNEDY. Subsequently it was arranged that they were going to come down and pick up the machines, Conroy notified her he was going to pick up the machines on Friday morning?

Mr. STEELE. That is correct.

Mr. KENNEDY. You decided you would go down also; is that right?

Mr. STEELE. He said he would be down there to break them up, so I took a ball bat down with me, and I thought if we were going to have a party I would join him.

Mr. KENNEDY. You brought a ball bat with you?

Mr. STEELE. I sure did.

Mr. KENNEDY. Before you went down there, did you call the county prosecutor's office in Lake County?

Mr. STEELE. I never contacted the prosecutor's office. I did go to the Lake County jail to see the sheriff to see why I as a citizen could not operate in Lake County when our whole northern part of the county was filled with our competitors.

Mr. KENNEDY. What did he say?

Mr. STEELE. I did not see him. He was on vacation.

Mr. KENNEDY. Did you talk to anyone there?

Mr. STEELE. I talked to some fellow. I don't know what his position was. He was an elderly man.

Mr. KENNEDY. Did you tell him there would apt to be trouble?

Mr. STEELE. I did.

Mr. KENNEDY. Did he seem interested?

Mr. STEELE. I think so.

Mr. KENNEDY. Did he come down the next day? Did anybody come down?

Mr. STEELE. No. To my knowledge, at the time I didn't know anything about it, but I heard that there was a car followed us back to the Lake County jail.

Mr. KENNEDY. Tell us about what happened on Friday. You arrived there Friday and talked to Conroy; is that right?

Mr. STEELE. I arrived down there and I parked my car in the back end of Maggie's restaurant. I waited for a while and this Conroy showed up. I didn't know who he was. I thought he was just my competitor. I didn't realize he was out of the prosecutor's office until we got into quite a hassle.

At that time he flashed a badge on me, and I told him that they could be bought in any dime store, that the badge itself didn't mean anything to me.

He said, "Then I will show you how much it means to you. You are under arrest."

I told him to forget about it. I still thought he was my competitor. I didn't think that the prosecutor would go this far. I have never worked against anything like that. I have never been in Lake County. The fact is my machines were moved into Lake County when I was up at my summer place in Wisconsin.

But when I came home and found out that they had threatened Maggie and they were going to make me get out, I thought I might as well have a test case of this.

There are a lot of their machines in my county. Maggie moved into a used car building. There was never a restaurant there and there had never been pinballs in there before. It was just 3 miles over the county line.

In Indiana, I can't see a county line on the ground. There is no road there, no line. So as a citizen I thought I had a right to stay in Maggie's truck stop.

Mr. KENNEDY. What happened in your conversation with Conroy?

Mr. STEELE. He told me I was under arrest. I told him what grounds would I be arrested on, that I owned the machines, but I, myself, hadn't done any gambling with them, that I had a right to put them in on lease.

He said, "Well, we are putting you under arrest. We are going to take you to Crown Point and book you."

We got outside the door. My brother had come over in another car. I didn't expect him, but he knew I was going over to Lake County. So he, as a special police of Valparaiso, had a badge. It didn't mean anything in Lake County, but he thought he would run a bluff, and he showed it to Conroy and said, "Why is this man under arrest?"

"You keep out of this or I will have you arrested."

I winked at my brother. I knew they would follow me over to Crown Point. As I went to Conroy's car, there was a large colored fellow in there. I thought, "This must not be the prosecutor's office. I am going to the sand dunes in the trunk of a car."

I knew my brother was behind. We started to Crown Point. There was quite a silence for a while. Finally they turned around and asked me if I didn't know any better than to come to Lake County.

I said I thought as a citizen I had a right over there.

They said, "Well, you are pretty dumb, aren't you?"

And I said, "Yes, I am just a big dumb farmer, and I have a lot to learn."

They began to berate me about coming across that line, that I should stay in my own territory or there would be trouble, and they would take me over and arrest me.

I said, "Well, you go over and book me. That is just fine. I know it will be a false arrest and I will get myself out of this and I will sue you for false arrest."

Well, there was quite a bit of silence until we got within about 200 feet of the courthouse. They stopped the car. Nobody seemed to be in a hurry to get out.

I said, "Well, are you going in and arrest me?"

They said, "Well, you know, you are pretty sure of yourself. You don't seem to be afraid."

I said, "I have nothing to be afraid of. I have nothing to hide."

They said, "Well, if we can't get at you one way we will get after Maggie. We will get you in another way."

I said, "What do you mean by that?"

And they said, "You know, there was a young girl over there that made a payoff."

I said I realized that.

They said, "We will go back and arrest that young girl. We will arrest Maggie for having a gambling establishment and also put her out of business."

I said, "What do you mean put her out of business? There is a lot of gambling in Lake County. I see it every time I am over here."

They said, "That is all right. She doesn't have a health permit for that restaurant and her septic tank isn't big enough to have a restaurant on that highway, so we will put her out of business."

What could I do? Maggie was a friend of mine. I did business with her for some time in my own county. I couldn't see her hurt, so I consented to take my pinball machines back to Porter County.

They said, "You get back and unplug those things and get them out."

I said, "The fact is that very morning I was leaving to Wisconsin because I had some carnival equipment in Milwaukee and I had to go up and check on it."

They said, "We will give you a couple of days, but you unhook them right away and get them in the backroom."

I came back in 2 or 3 days and I loaded up my machines and took them back to Porter County. I did have a pool game in her place and

I said, "What about this pool game?"

And they said, "Anything like that is perfectly all right. We just don't want any of your bingos over here."

I said, "All right, as we understand each other, I will get out of Lake County."

The CHAIRMAN. You got your gambling machines out.

Mr. STEELE. I got my bingos out.

The CHAIRMAN. We call them gambling.

Mr. STEELE. All right.

Mr. KENNEDY. Not only were you having competition from other companies, but what was your reaction to the law enforcement officials behind it? Did you ultimately learn this was a common procedure and practice?

Mr. STEELE. I found out later that anybody who didn't seem to have an OK couldn't do business over there.

Mr. KENNEDY. When you are talking about "OK," OK from whom?

Mr. STEELE. Whoever gives the OK.



Mr. KENNEDY. I mean from the Lake County authorities.

Mr. STEELE. Well, all I know is that there was the badge and the credentials that were flashed on me from the prosecutor's office, and the reason I know that is that I didn't think that the fellow could possibly be from the prosecutor's office. I thought he was just another one of my competitors.

Mr. KENNEDY. Why didn't you think he would be from the public prosecutor's office?

Mr. STEELE. I never heard of anybody in law enforcement doing a thing like that to anybody.

The CHAIRMAN. Are you convinced that he is using the position of his office in order to keep you out and to permit others to operate? Are you convinced of that?

Mr. STEELE. In my heart I am; yes.

The CHAIRMAN. That is what it all adds up to; isn't it?

Mr. STEELE. That is what it adds up to as far as I see it. He also told me when I was resisting arrest that if he was 10 years younger he would beat the hell out of me, and I told I wish he was 10 years younger so we would see who would get the hell beat out of who.

Then I said, "Let's see your credentials," and he opened up his book and I saw his driver's license, and so forth, and I thought we might as well go along and get it settled.

The CHAIRMAN. You are talking about Conroy?

Mr. STEELE. I am talking about Mr. Conroy.

Mr. KENNEDY. Did you learn subsequently this was a common practice or procedure that was followed not only in your case but in other cases?

Mr. STEELE. That is true.

Mr. KENNEDY. And that the OK that you had to receive was an OK that you had to receive from Metro Holovachka's office, somebody in that office?

Mr. STEELE. Well, I don't know where it came from, but I presume whoever this Conroy represented would have something to say about whose machines were in the county.

Mr. KENNEDY. At least you didn't get an OK?

Mr. STEELE. I got orders to get out.

Mr. KENNEDY. And you got out and had to stay out?

Mr. STEELE. Yes; I did. I am a small operator. One location with that much trouble didn't mean anything to me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. All right. Thank you.

Mr. KENNEDY. Mr. Steele has been of great help in the course of this investigation, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Steele.

The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at the conclusion of the session: Senators McClellan and Capehart.)

(Whereupon, at 4:40 p.m., the select committee recessed, to reconvene at 10:30 a.m., Wednesday, June 3, 1959.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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WEDNESDAY, JUNE 3, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE  
LABOR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Barry Goldwater presiding.

Present: Frank Church, Democrat, Idaho; Homer E. Capehart, Republican, Indiana; Barry Goldwater, Republican, Arizona; Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

Senator GOLDWATER. The committee will come to order.

(Members of the select committee present at time of convening: Senators Goldwater and Curtis.)

Senator GOLDWATER. Counsel, call the first witness.

Mr. KENNEDY. Mr. Harold Rayder, Mr. Chairman.

Senator GOLDWATER. The witness will stand and be sworn. Raise your right hand and repeat after me: I swear that the evidence that I give before this committee will be the truth, the whole truth, and nothing but the truth, so help me God.

Mr. RAYDER. I do.

## TESTIMONY OF HAROLD E. RAYDER

Senator GOLDWATER. Give your name.

Mr. RAYDER. Harold E. Rayder.

Senator GOLDWATER. And your address?

Mr. RAYDER. 706 Washington Street, Valparaiso, Ind.

Senator GOLDWATER. And your occupation?

Mr. RAYDER. Chief deputy, Porter County.

Senator GOLDWATER. Chief deputy sheriff?

Mr. RAYDER. Chief deputy sheriff.

Senator GOLDWATER. Go ahead, Mr. Counsel.

Mr. KENNEDY. You spell your name, Mr. Rayder, R-a-y-d-e-r?

Mr. RAYDER. That is correct.

Mr. KENNEDY. And you are chief deputy sheriff. How long have you held that position?

Mr. RAYDER. Since January 1, 1959.

Mr. KENNEDY. That is in Porter County, Ind.?

Mr. RAYDER. That is right.

Mr. KENNEDY. Mr. Chairman, the importance of this testimony is in connection with the testimony that we had yesterday, where there is an influx of some outside groups to try to take over the area and destroy proper unionization.

We are going now from Lake County to Porter County. Here we have some firsthand information and testimony as to how gangsters and racketeers try to move in on a county to destroy the proper unions and set up illegitimate businesses and vice.

I think as the testimony develops, we will see that we will have some firsthand information as to how that can happen.

Senator GOLDWATER. Is Porter County contiguous to Lake County?

Mr. RAYDER. Yes, it is.

Senator GOLDWATER. I might ask counsel in connection with this, do you intend to call any witnesses from the Indiana State police?

Mr. KENNEDY. We have no plans at the present time, Senator. We are going to call some officials from Lake County. Mr. Holovachka, the county prosecutor, has been subpoenaed, as well as some other officials in that area who have been subpoenaed to testify before the committee. But we have no plans at the present time to call the State police.

Senator GOLDWATER. This is familiar to me in a small way because the newspapers in Indianapolis, published by the same publishers of my hometown papers, have carried some of it. I thought I saw where the Indiana State Police had been in this.

Mr. KENNEDY. They have been in it so far as trying to clean it up, to take steps to clean it up, and the situation particularly in Lake County. But so far that has been unsuccessful. There will be some testimony regarding their efforts and attempts to do so, but we didn't plan to have any witnesses.

Senator GOLDWATER. You may proceed.

Mr. KENNEDY. I might also put on the record, Mr. Chairman, that the name of Mr. Holovachka came in rather prominently in the testimony yesterday, and a telegram was sent to Mr. Holovachka by the chairman of the committee, telling him that he could appear before the committee at any time he felt there was derogatory information about him, so that he could testify and give his side of the situation or refute the testimony.

He has had ample opportunity to come here before the committee and give any statement that he wished under oath. He has been subpoenaed, however, to appear before the committee. That date has been set for this Friday.

Senator GOLDWATER. What was his name again?

Mr. KENNEDY. Metro Holovachka, who was the chief deputy prosecutor of Lake County.

Mr. Rayder, how long have you been with the sheriff's office in Porter County?

Mr. RAYDER. Since January 1, 1959.

Mr. KENNEDY. You are a lifelong resident of Porter County; is that right?

Mr. RAYDER. That is right.

Mr. KENNEDY. And you maintain a farm there?

Mr. RAYDER. I have maintained a farm.

Mr. KENNEDY. And you were employed by the Union Tank Car Co., of Whiting, Ind.; is that right?

Mr. RAYDER. That is correct.

Mr. KENNEDY. You were supervisor of the airbrake division until you retired in May of 1958; is that correct?

Mr. RAYDER. That is correct; yes, sir.

Mr. KENNEDY. And during the election, the primary and then the final election, you supported Mr. Edward Buchanan as sheriff of Porter County, Ind.?

Mr. RAYDER. That is correct.

Mr. KENNEDY. B-u-c-h-a-n-a-n; is that right?

Mr. RAYDER. That is correct.

Mr. KENNEDY. Is it also true that in early 1958 you became aware of certain damaging social changes that were taking place in Porter County, Ind.?

Mr. RAYDER. I did.

Mr. KENNEDY. Would you relate to the committee briefly what you found was happening in your country?

Mr. RAYDER. Well, at that particular time, I became aware of the fact that there had been a house of prostitution opened up at Baums Bridge. That is between Kouts and Hebron, and these operations were sponsored by an unknown party to myself. I later found out who they were. I thought that with the gambling and vice that was going on, this wasn't the right thing for Porter County, with the university located there, and being more or less of a quiet county.

Mr. KENNEDY. So did you decide that you would take an active part, participation, in trying to clean up the county, trying to get things done?

Mr. RAYDER. After I took office, that is when I started to make my investigation.

Mr. KENNEDY. Is that one of the reasons that you supported Mr. Buchanan?

Mr. RAYDER. That is one of the reasons I supported him.

Mr. KENNEDY. To try to clean up the situation?

Mr. RAYDER. That was the platform we electioneered on.

Mr. KENNEDY. To try to clean up the situation?

Mr. RAYDER. That is right.

Mr. KENNEDY. One of the problems was the pinballs and gambling?

Mr. RAYDER. That is so.

Mr. KENNEDY. As well as prostitution?

Mr. RAYDER. Not when we took office. Mr. Hineline took care of that in 1958.

Mr. KENNEDY. It was mainly the gambling and pinball machines?

Mr. RAYDER. I would say at that particular time it was more or less small gambling. It wasn't anything to be alarmed over.

Mr. KENNEDY. In early 1958, did you understand that one of the prominent figures in the underworld was a man by the name of Tom Morgano?

Mr. RAYDER. That is so. Part of the Chicago Pinelli and Giancana syndicate.

Mr. KENNEDY. The Pinelli-Giancana syndicate of Chicago?

Mr. RAYDER. That is correct.

Mr. KENNEDY. Did you understand he was the representative of Giancana and Pinelli in Porter County?

Mr. RAYDER. That is what I would assume.

Mr. KENNEDY. Did you learn or understand that he had set up his operations on the campus at Valparaiso University?

Mr. RAYDER. Yes. He started a pizza place on the corner of Union and College in Valparaiso, right in the heart of the university campus.

Mr. KENNEDY. That is right on the university campus?

Mr. RAYDER. Right.

Mr. KENNEDY. What was the significance of establishing the pizza place? Did he also have some gambling establishments within the area?

Mr. RAYDER. That I couldn't say, other than he established this place. Previous to this he had tried to set up pizza places in Valparaiso and other locations. One, particularly, was the Club Royalee. There was a lot of trouble caused over that. They finally got that settled.

I think the way things were going there, that they had other plans on setting up other pizza places, with possibly gambling in the rear.

Mr. KENNEDY. Did you understand that that was part of the operation?

Mr. RAYDER. That is right.

Mr. KENNEDY. When Buchanan was elected, you became the deputy sheriff, and your investigation took place. Did you find that the situation was far more serious than you had thought it was?

Mr. RAYDER. I had. I found out it was a lot more serious, and I thought a lot more serious than the people of Porter County realized.

Mr. KENNEDY. Had there been some bombings of some of these other pizza places?

Mr. RAYDER. There had been bombings in Gary, yes, at that particular time.

Mr. KENNEDY. Did you meet Mr. Tom Morgano, yourself?

Mr. RAYDER. Yes, I did.

Mr. KENNEDY. When did you meet him?

Mr. RAYDER. The first time I met him was on March 28, 1959.

Mr. KENNEDY. Where did you meet him?

Mr. RAYDER. At the Elks Club.

Mr. KENNEDY. Would you relate the conversation to the committee?

Mr. RAYDER. The conversation that took place was he got acquainted with me when I came in, and he wanted to know if I wanted to make a fast buck. So I thought, well, as long as I am in this investigation, I might as well find out what a fast buck was. So I did. At that particular time, he said, "Oh," he said, "approximately \$10,000." So I told him, "Well, who is going to take care of me when you start putting the heat on me," and he said, "You leave that up to me and I will see that you get shoved in the automobile trunk," meaning the automobile trunk.

Mr. KENNEDY. Do you mean if the heat was put on you and trouble developed, you asked him what was going to happen?

Mr. RAYDER. That is right.

Mr. KENNEDY. Speak a little louder and slower, if you please.

Mr. RAYDER. Well, he stated at that time that as far as Tom Morgano was concerned, I didn't have anything to worry about; he would take care of everybody.

Mr. KENNEDY. What would happen if some heat was placed on you, when you asked about that?

Mr. RAYDER. He said he would place them in the trunk, shove them in the trunks, being the words he used.

Mr. KENNEDY. What did you understand by that?

Mr. RAYDER. Well, I just took it by what I had found out in 1958 and more or less reading the papers that he was the muscleman for the syndicate, and he was trying to get established in Porter County.

Mr. KENNEDY. Did he suggest at that time that you meet at a later time?

Mr. RAYDER. Yes; he did.

Mr. KENNEDY. And did he call you then?

Mr. RAYDER. Yes, he called me; and the next meeting was at the College Inn.

Mr. KENNEDY. What was the date of that meeting?

Mr. RAYDER. That would be in the first part of April.

Mr. KENNEDY. Around April 9?

Mr. RAYDER. Right.

Mr. KENNEDY. 1959?

Mr. RAYDER. That is correct.

Mr. KENNEDY. Would you relate to the committee what your conversation with Morgano was?

Mr. RAYDER. At that particular time he stated that he would like to get Porter County solid, and that he wanted to establish the pinball machines solid in the county; he would like to start a house of prostitution on the north end of the county. He wanted to know if I would look around to find a piece of land where he could build a place.

He said he would run it very nice and quiet; there wouldn't be any trouble. I stated at that particular time that the \$10,000 that he had offered me wouldn't be enough to cover the sheriff and prosecutor and a few other smalltime politicians that would want their cut out of it, and he said, well, he would go as high as \$50,000.

Mr. KENNEDY. \$50,000 was for whom?

Mr. RAYDER. \$50,000 was to take care of the sheriff and the prosecutor and the JP's and the constables. At this particular time, he also offered me \$50,000, plus a bonus that he said he could steal off of the politicians. He said they would never know the difference.

Mr. KENNEDY. So altogether it was going to be \$100,000?

Mr. RAYDER. Right.

Mr. KENNEDY. And you were going to get \$50,000 for yourself and \$50,000 to pass on to other people that should be fixed; is that correct?

Mr. RAYDER. That is correct.

Mr. KENNEDY. And he said for this he wanted to have complete control over Porter County?

Mr. RAYDER. That is correct. He stated at that time that he would go as high as a half million dollars to get control.

Mr. KENNEDY. You met with him again on April 11?

Mr. RAYDER. That is right.

Mr. KENNEDY. This, again, was at his request; is that right?

Mr. RAYDER. Right.

Mr. KENNEDY. Where was that?

Mr. RAYDER. The second meeting was at the Corral.

Mr. KENNEDY. And then again on April 20 at the Sportsmen's Club; is that correct?

Mr. RAYDER. That is correct.

Mr. KENNEDY. Then on May 4 in an automobile?

Mr. RAYDER. That is right.

Mr. KENNEDY. During this period of time you had been in touch with Mr. Richard Sinclair of this committee's staff?

Mr. RAYDER. Yes. I had an interview with an independent pinball machine operator and met Mr. Sinclair there at that time. Finding the county in such a serious condition, I told him that I would appreciate the fact if I could work with the committee, and he said to go right ahead and, he said, "We will back you up to the limit."

Mr. KENNEDY. Why, after he had made this offer to you and repeated the offer on at least three separate or other occasions, why didn't you make an arrest at that time?

Mr. RAYDER. Well, I felt we hadn't quite gathered enough evidence to make an arrest at that time, and that if we could get all the fundamental points of his bribe and find out just exactly what he had done, I felt we could send him up for a long time and wouldn't have to worry about him.

Mr. KENNEDY. You felt that with the support of the committee in bringing and developing it, you would be able to get enough public pressure to have something done about the situation in Porter County?

Mr. RAYDER. That is correct.

Mr. KENNEDY. In the first meeting at College Inn and then on the other occasions at which you met with him, he explained that he was being backed and supported by the group in Chicago; is that right?

Mr. RAYDER. That is right. I talked to him and he stated at this meeting that he had to get back to Chicago, and Chicago Heights, in order to get this thing underway. They were getting impatient. They wanted to get started. He had to get this thing going. After all, he said, he had bosses, too.

Mr. KENNEDY. He talked about the bosses coming from the syndicate in Chicago?

Mr. RAYDER. That is correct.

Mr. KENNEDY. He also related the first time that one of his bosses was Johnny Formusa?

Mr. RAYDER. He did. He told me at that particular meeting that Johnny Formusa was his boss and that the M & J Motel in Gary had been temporarily shut down and he was operating in South Bend.

Mr. KENNEDY. The M & J?

Mr. RAYDER. The M & J Motel in Gary.

Mr. KENNEDY. Is that the house of prostitution in Gary?

Mr. RAYDER. That is correct.

Mr. KENNEDY. He said that had been temporarily shut down, but he had opened a place in South Bend, Ind.?

Mr. RAYDER. That is right.

Mr. KENNEDY. Did he tell you where in South Bend?

Mr. RAYDER. No, he did not tell me where it was at.

Mr. KENNEDY. Did he tell you how the payoff would take place?

Mr. RAYDER. Yes; he said the payoff would be in small circulating bills of \$10's and \$20's.

Mr. KENNEDY. You tried to have a recording of some of these conversations with Mr. Morgano; is that correct?

Mr. RAYDER. Yes, I did. I got a recording at the Sportsmen's Club, but it didn't prove to be satisfactory.



Mr. KENNEDY. But you did take a recording on the meeting that you had with him in the automobile of May 4, and that was satisfactory?

Mr. RAYDER. That is correct. That recording turned out fine.

Mr. KENNEDY. Mr. Chairman, we have that recording. Mr. Morgano is here at the present time. Possibly we would like to bring him around and see if he has anything to say to the testimony so far, and then maybe we could also have him listen to the recording.

Senator GOLDWATER. Mr. Tom Morgano, come to the witness stand, please.

Will you hold up your right hand?

You swear that the evidence you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORGANO. I do.

### TESTIMONY OF THOMAS MORGANO

Senator GOLDWATER. Mr. Morgano, give us your full name.

Mr. MORGANO. Tommy Morgano.

Senator GOLDWATER. And your place of residence?

Mr. MORGANO. 3526 Jefferson Street, Gary, Ind.

Senator GOLDWATER. And your occupation?

Mr. MORGANO. Restaurant owner.

Mr. KENNEDY. I wonder, Mr. Morgano, do you know Mr. Rayder? He is the chief deputy in Porter County, with the sheriff's office.

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reasons for the fact that my answer might tend to commit me.

Mr. KENNEDY. Would you look to your left, Mr. Morgano? Do you recognize that gentleman?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reasons of the facts that my answer might tend to my incrimination.

Mr. KENNEDY. Mr. Chairman, we have a copy of the recording of the conversation that took place in the automobile between Deputy Rayder and Mr. Morgano, which I would like to have permission to play.

Would you like to sit here, Mr. Rayder, or would you like to sit there?

Mr. RAYDER. I will sit over there.

Mr. KENNEDY. Mr. Chairman, we have made a copy of the recording, which we can introduce through Mr. Richard Sinclair. Then we would like to have it introduced into the record.

Do you want to swear Mr. Sinclair?

Senator GOLDWATER. Yes.

Do you swear that the evidence you will give before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SINCLAIR. I do.

## TESTIMONY OF RICHARD G. SINCLAIR

Senator GOLDWATER. Give us your name.

Mr. SINCLAIR. My name is Richard G. Sinclair. I am a member of the staff of the committee. I have been here approximately 1 year.

Mr. KENNEDY. Mr. Sinclair, you have examined the recording of the conversation that took place between Mr. Rayder and Mr. Morgano; is that correct?

Mr. SINCLAIR. I have.

Mr. KENNEDY. And you have made a transcript of that recording?

Mr. SINCLAIR. I have; yes, sir.

Mr. KENNEDY. And there have been no changes made in the recording except for the insertion of a "beep" where the profanity is used?

Mr. SINCLAIR. The recording is verbatim other than that.

Mr. KENNEDY. There are a number of telephone conversations that are also included in the transcript; the telephone conversations were not interceptions, they were not wiretapping, because it was a recording device that was placed on the telephone by Mr. Rayder himself; is that correct?

Mr. SINCLAIR. That is correct.

Mr. KENNEDY. And those conversations are included, but the tape, as it is going to be played now, will not include those conversations?

Mr. SINCLAIR. The tape will not include those conversations.

Mr. KENNEDY. They don't add anything particularly, Mr. Chairman.

We are ready to start, if we may.

Senator GOLDWATER. Do you want this made a part of the record?

Mr. KENNEDY. Yes.

Senator GOLDWATER. This will be exhibit No. 3.

(Transcript referred to was marked "Exhibit No. 3" for reference and may be found in the files of the select committee.)

(At this point there was played a tape recording of the conversation that occurred between Thomas Morgano and Harold Rayder in Morgano's car parked out in front of 706 Washington Street, Valparaiso, the residence of Harold Rayder, as follows:)

RAYDER. Hi Tommy. Back up here and park a little while. I gotta go to work at 11 o'clock tonight. G— d— them anyway. I worked all day and they just called up again.

MORGANO. What's the matter?

RAYDER. Oh, s—t. They make me — (Inaudible).

MORGANO. You make more money.

RAYDER. Yeah, but I don't get paid.

MORGANO. You don't get paid?

RAYDER. No. Just get a salary is all I get; regardless of how many hours you work.

(Morgano inaudible.)

RAYDER. They are having a school up there in Portage—and the guys are all going to school and the fellows up there—and some of them didn't show up tonight and I gotta work.

MORGANO. After all, you are responsible. And when they need help over there, you gotta.

RAYDER. Yeah, yeah—but I don't like that working all the time business.

Say—uh—I was talking—this thing got all upset over this paper business. The other day they had them all down at the office. There was Sutherland and Wiggle and Pivarnik and Jopes, and I kinda thought it would end out that way. Sure, somebody would sign an affidavit and get a warrant, but who would be sucker enough to do that, see?

MORGANO. Right.

RAYDER. So, I was a little bit—the other night when I told you that of course everything was upset. We didn't know what they was gonna do, so—

MORGANO. How do they feel?

RAYDER. Well, things is going along pretty good and, of course, now from what they tell me—this Sutherland—you know him don't you? I don't know how they are figuring him in on this, but—

MORGANO. Well—this is—he is a State police.

RAYDER. Yeah. So I suppose he is gonna be in on it a little bit. Well, they are gonna have to give him something, too, from what they are talking about.

MORGANO. Somebody gonna take care of him.

RAYDER. And—uh—Pivarnik seems to think that—well I don't know how he wants to work this. Well—he want an attorney or some damn thing—I don't know whether he don't trust me or what the hell's wrong, but I wanna know—I want to be the guy that's on this thing. I don't trust them guys, see.

MORGANO. Absolutely, I don't wanna talk with nobody.

RAYDER. So—just so long as I know what the score is here, why—

Jesus Christ! Wheeh! (Pushes button to roll window down in Morgano's Lincoln.)

So—I think that—that's better. So how we gonna work this?

MORGANO. Are they ready to do business?

RAYDER. Yeah, they are talking about it right now.

MORGANO. I don't wanna talk. I want the facts.

RAYDER. Well—of course you know how they are. They are all new, see?

MORGANO. I want to says "go ahead." Cause I wanna look to builda some place.

RAYDER. Yeah, well I told them now like you said—you was gonna go ahead—that you would be willing to—

MORGANO. The county corner to corner—strictly the county. How about these pinball machines. Anybody taking the machines out?

RAYDER. No, they are not gonna take none out. No.

MORGANO. We'll pull 'em out.

RAYDER. So, what do you suppose Welbourn and Sohacki is gonna do for that?

MORGANO. What do you care about Sohacki?

RAYDER. Well, I don't care about him, but—

MORGANO. You care about anybody?

RAYDER. No, no. I don't give a damn. You are right.

MORGANO. Just that you give me yourself—the administration over here. I will take care of the rest of it. I can handle Sohacki.

RAYDER. Well, you can name—you know how to handle him.

MORGANO. That's my business.

RAYDER. Okay. I don't worry about that.

(Morgano inaudible.)

RAYDER. OK. Just so long as I know. You see what kind of mess this has stirred up over here. So long as you are gonna take care of it—

MORGANO. I'll take care of it.

RAYDER. All right, OK—so then I told them about the amount—you are gonna work that by the month then.

MORGANO. Soon as we start—soon as we start—soon as we start, then we will start the pay. We've got to see out here.

RAYDER. So now one thing they wanted to ask me was—well, how you gonna set that up? Set that up like you said you would be willing to put the \$50,000 in for 2 years on a monthly basis.

MORGANO. That's right. Every month you get your stuff.

RAYDER. OK.

MORGANO. Every month you get an envelope and besides that I take care of you extra.

RAYDER. Then you take care of me.

MORGANO. Extra.

RAYDER. Yeah.

MORGANO. How do you take my word for it. Do you believe me?

RAYDER. Oh, sure. I believe you.

MORGANO. Extra—they won't know that.

RAYDER. Yeah. What they don't know won't hurt 'em.

MORGANO. Absolutely—it's up to you—it's up to you—you jerst—the will to go.

RAYDER. Yeah.

MORGANO. Then I can go back to Chicago and I'll give 'em the news.

RAYDER. Yeah.

MORGANO. Solid.

RAYDER. OK, good enough. [Laughter.]

MORGANO. I gotta look for a place. I want one big book right in Fifth Avenue that I can do.

RAYDER. Yeah.

MORGANO. And one cathouse—way down—way down from here.

RAYDER. How many?

MORGANO. One.

RAYDER. That's all you want then?

MORGANO. Nobody else gonna put any in.

RAYDER. Well, don't forget to fix it up like you told me. You know—so I get a little news once in awhile.

MORGANO. Leave that to me—leave that to me. You are gonna get a page once in awhile. You gonna get a page—we set some place—close it—we'll get a cottage—you get somebody—come and slash everything up. Did you tell them?

RAYDER. No, I didn't tell them.

MORGANO. Tell 'em—tell 'em.

RAYDER. OK.

MORGANO. Absolutely—tell 'em—tell 'em.

RAYDER. Tell 'em? OK.

MORGANO. Sure, absolutely, tell them, tell them.

RAYDER. All right. OK.

MORGANO. You gonna protect me and I'm gonna protect you.

RAYDER. Yeah.

MORGANO. Understand?

RAYDER. Yeah, sure—yeah.

MORGANO. Takes a month or so before I get everything straightened out over here. So I can see about a location. Soon as I start—to say we're starting today—here you are.

RAYDER. Well, OK.

MORGANO. You come with any news thatsa solid now. You gonna do any more talking with them people?

RAYDER. Well, now the other night I was down to the Elks a little while and Bud was down there. You know, Bud Gott?

MORGANO. That's right.

RAYDER. How is he gonna fit into the picture. He was hollering down there about running a bookie joint here, you know?

MORGANO. Yeah?

RAYDER. I didn't want to say anything to him see.

MORGANO. You say nothing to nobody. Just when we are starting over there and then I want to shut him off.

RAYDER. Then we are gonna shut him off too?

MORGANO. Shut 'em off: You're gonna shut him off!

RAYDER. OK.

MORGANO. Then I will get down and ask him does he wanta work. He'll run this book over here—50/50. First, shut him off and then I'll open him.

RAYDER. You gonna let him run on a 50/50 basis, huh?

MORGANO. You shut him off.

RAYDER. Yeah.

MORGANO. You shut him off—him and Lowia (phonetic)—every poker game. They gotta few poker games in here. Then I'll tell you what to do. You shut him off and I'll open him.

RAYDER. OK. All right. That's good enough. So—what do you think about that idea. How will I go about that with him now? I wanted to know. Pi-varnik, you know, he seemed to think he wanted someone kinda in between you know. I told him—I says—well—

MORGANO (slapping Rayder on the shoulder). You'll be the big wheel.

RAYDER. I'm gonna be the big wig?

MORGANO. You're the guy. You can't start telling too many people.

RAYDER. No—

MORGANO. You may wind up in the penitentiary.

RAYDER. Yeah.

MORGANO. You're the only one that can send them to the penitentiary—and me—for me I'll go myself.

RAYDER. Uh, huh. OK, that's good enough then.

MORGANO. You tell 'em. "Look, you don't want many people involved." You tell them we'll have dinner sometime—the D.A., the sheriff and you. When you can arrange that we'll go into Chicago sometime.

RAYDER. Yeah—we gotta get out of town.

MORGANO. Yeah, that's right.

RAYDER. OK.

MORGANO. Then we can talk.

RAYDER. OK.

MORGANO. So far we got everything solid.

RAYDER. Yeah. Well things look pretty good and I think we're—

MORGANO. I don't want to use that word "looks pretty good." I want to know "This is it".

RAYDER. Everything was going pretty good until this G— d— (garbled at this point) Zeis (phonetic) pinball threat. But that's all squashed up now and this didn't happen until yesterday.

MORGANO. I know, I know.

RAYDER. And they had this big meeting down there and 'course naturally I didn't know where they stood. Everybody shut right up like that, you know, and Wiggins, he stirred them all up—and Sutherland he was all stirred up over it and they had all the detectives down here from the Post and they was around town nosing a little bit and they went down to see Heinberg that used to have a tavern and talked to him, you know. They were all over town, see? So, of course, then everything just shut down. Nobody would talk. So then I got around 'em a little bit and talked to 'em and now this Pivarnik seems to think that he wanted to know what you wanted to do and all that. The last time I talked to you after we talked down to the Sportsmen's Club—well he was all for it—then, gee, Wiggie stirs up this thing that comes out from—

MORGANO. G— d— fool. I'll stop Wiggins. I can stop John Wiggins so he won't make any more noise. I'll talk to Lou, his wife.

RAYDER. Yeah.

MORGANO. I'll talk to him—"Heh Wig, what's the matter?"

RAYDER. You and John Wiggins good—pretty—

MORGANO. Yeah—good friends—good friends. I'll talk to him. You can't talk business with him. When a guy wants to go straight—

RAYDER. Well, if I though like this—I didn't know how Wiggie was set in this thing.

MORGANO. He doesn't get a penny.

RAYDER. But what I thought was this: If Wiggins would knock Steele out, that would save us all the trouble, see?

MORGANO. You can knocka Steele out yourself.

RAYDER. Oh, yeah; but what I mean he could have done it in a polite way.

MORGANO. You can knock him out then, huh?

RAYDER. Yeah. If we get these guys behind us, yeah.

MORGANO. If we get the administration behind us.

RAYDER. Sure.

MORGANO. I mean the sheriff and the D.A.—that's all I want. You tell 'em to take the machine out. You gonna start work on that?

RAYDER. I'm gonna start on it. I haven't got any—you know when this come out there with Zeis at Indianapolis with that deal. Of course they got scared, see—everybody did—even La Porte County and down in Starke—all around. They were all scared. So now they have got all that calmed down. They're coming back down to earth again, see.

MORGANO. Lotta baloney—but we got the county; we got the county.

RAYDER. Yeah.

MORGANO. If they are willing—the DA is willing and the sheriff—that's all we want.

RAYDER. Yeah; that would be the best deal.

MORGANO. O.K.—now let's start to get busy. I'll look for a place to play on the corner over there.

RAYDER. I'll see what we can do.

MORGANO. You can make some money. We'll make some real money.

RAYDER. You haven't heard about anybody else wanting to come in here, have you? I got by the wind, well, I don't know—maybe it's true—but I heard somebody else was trying to bust in here, too.

MORGANO. Let 'em bust in—let everybody bust in. I'll take care of 'em. Nobody gonna bust in on me.

RAYDER. Well, if you take it over and they start to bust in, and I tell you—then—

MORGANO. That's my business. You tell me who he is.

RAYDER. All right.

MORGANO. You tell me. You got any idea how many pinball machines there are?

RAYDER. Altogether, you mean? I would judge—as close as I can gather—I was talking to Suds up there, and I would say there is somewheres in the neighborhood of about 400 altogether in the county—400 machines.

MORGANO. Uh, huh.

RAYDER. That's between Welbourn and Sohacki, and I don't know whether Nehaus [phonetic] has got any up in the corner there.

MORGANO. Everybody has got to be cleaned—corner to corner. Not even a fly gonna come in.

RAYDER. That's all right, then.

MORGANO. Not a fly gonna come in.

RAYDER. I don't know—so far as Welbourn and Sohacki are concerned—I don't know them from Adam.

MORGANO. You don't worry about nobody.

RAYDER. Maybe it is just as good you don't know.

MORGANO. You don't worry about a thing. The sheriff will take care of it. Sohacki is doing all right in Lake County. He is doing all right over there.

RAYDER. Well, that's all right. You only want to have one house, huh?

MORGANO. Yeah, one big house.

RAYDER. One house.

MORGANO. Well, I gotta make some money to pay you people.

RAYDER. Oh. Well, sure. Well, in other words, stay nice. They wanna know how they are going to do it. In other words, stay nice and quiet, you know, so nobody will know nothing.

MORGANO. We will do the best we can. Nice and quiet. A couple of places in the woods—will look like little motels. Something where you got an excuse, understand? And the book, we gonna have a book.

RAYDER. Yeah.

MORGANO. We're gonna have a book—we're gonna have a big book.

RAYDER. You gonna give me a good lead on a horse once in a while.

MORGANO. Don't be foolish. [Laughter.] There is no such thing. Take it from me. If you like a race, go see a race. Bet a little money for the hell of it, and if you win you win, and if you lose you lose, but don't you start that business, for then you lose your shoes and your pants.

RAYDER. Yeah. That's right. I believe it.

MORGANO. That's a fact. You gotta believe me. That's the truth. No chance—we'll put a little place over there. We'll have a nice table and a roulette wheel and we'll make some money. If I setta up nice, you get a good chunk every month.

RAYDER. Yeah. Say, I was down—I want to ask you something, too. You don't suppose that son-of-a-gun would come over here and nose around and give us any trouble.

MORGANO. Who?

RAYDER. The other night when the Elks had their bowling tournament—

MORGANO. Yeah?

RAYDER. This Sam, what the hell's his name—his name Sammy Zuezlac [phonetic] or Zasezlac [phonetic]?

MORGANO. Sam Uzelac.

RAYDER. I was down to the Elks the other night.

MORGANO. Whatta he worrying about?

RAYDER. He wouldn't make any trouble, would he?

MORGANO. Nobody gonna stir up any trouble with Tom Morgano.

RAYDER. O.K. Well, that's right, but I see him down there and some of the guys ask me, "Do you know who is down there tonight?" and I said "Gee."

MORGANO. The guy who got shot in the belly.

RAYDER. G—— d——

MORGANO. He used to work for me.

RAYDER. Used to work for you?

MORGANO. He's all right—he's all right.

RAYDER. But I thought now, you don't suppose he would be over here stirring up trouble.

MORGANO. Nobody's gonna stir up trouble over here. I can give you that. I'm gonna start the trouble. There is nobody gonna step a foot in this territory.

RAYDER. Well, just as long as we have any trouble, then I tell you, and that's it.

MORGANO. That's my business.

RAYDER. If anybody tries to muscle in——

MORGANO. Let 'em muscle in. They gotta muscle me in.

RAYDER. Yeah.

MORGANO. Let 'em muscle me.

RAYDER. OK.

MORGANO. Let them muscle me.

RAYDER. All right.

MORGANO. You don't know me, and I don't know you.

RAYDER. Oh, yeah; that's right.

MORGANO. Don't forget.

RAYDER. Yeah.

MORGANO. If I meet you on the street or in some saloon—nothing doing.

RAYDER. I can send a drink back to you, can't I?

MORGANO. No; if we want a drink we'll go someplace else and get it. Too dangerous to let others know your business. Your best friends—people that put you on the back, they come around, they get jealous of you.

RAYDER. Yeah. Yeah.

MORGANO. Let's play dumb. Let's make real money.

RAYDER. OK.

MORGANO. You gotta go to work?

RAYDER. Yeah. Well, I'll see you then, Tommy.

MORGANO. Well, whatta you want me to do now? Call you or what?

RAYDER. Well, listen, let me find out. What is today? Today is Monday—how about you calling me Saturday night?

MORGANO. All right—to say you fixed the deal solid.

RAYDER. All right.

MORGANO. If the deal's solid——

RAYDER. Well, now, I can't, you know. I just can't say, you know. I got these guys to contend with on the other end too, you know.

MORGANO. That's what I'm talking about.

RAYDER. Yeah. Well I mean Pivarnik and Buchanan.

MORGANO. That's right; them two people. I want them two people.

RAYDER. But I mean it takes time. They're new. If they was old seasoned guys.

MORGANO. Buchanan's a seasoned man. Buchanan's a seasoned man.

RAYDER. You think he's seasoned man?

MORGANO. Buchanan seasoned man. He's been around a long time. He's all right. Well—he don't have to come out to the house anyhow.

RAYDER. Well, you don't suppose—this is what's been worrying me—you don't suppose Buchanan has been taking anything off of Welbourn and Sohacki?

MORGANO. I couldn't say.

RAYDER. I was just wandering about that; cause I wonder——

MORGANO. This I learn you. Even if I knew, I won't tell you.

RAYDER. Well, I know that, but this is what I was wondering: I was wondering how you was gonna chop it off with them.

MORGANO. What do you mean by that?

RAYDER. I was wondering if Welbourn and Sohacki—if he is taking something——

MORGANO. Sohacki gonna be through over here; so Welbourn; so Steele.

RAYDER. Yeah. All right. Just so we get that straight, see. I don't want them guys to doublecross me either, you know.

MORGANO. You mean Buchanan——

RAYDER. Yeah. If they would give me——

MORGANO. It is up to them. We've gotta have them.

RAYDER. I'll get them all right. Yeah, you damn right I'm gonna tell 'em.

MORGANO. We'll make this deal. Welbourn and Sohacki will go out and you'll make them understand.

RAYDER. You damn right.

MORGANO. 'Cause I'm gonna kicka them out.

RAYDER. Sure, sure.

MORGANO. You make dem understand.

RAYDER. You gonna give me some help to get them out of here, too? I'm gonna have to have a little bit of help to get them out.

MORGANO. You'll get all my help.

RAYDER. All right.

MORGANO. To tell you the truth, I don't need any help. I don't need you. Just see what they said.

RAYDER. As long as we get them, then you take care of them.

MORGANO. So long as the D.A. and the sheriff says the county is mine, then I'll take care of it in taking things over.

RAYDER. O.K.; all right, Tommy. I gotta get going. I'll see you.

MORGANO. I'll call you Saturday night.

RAYDER. Well, we'll see you. Good luck to you.

MORGANO. Same to you.

RAYDER. All right, Tommy.

(Car starts and drives off.)

Senator GOLDWATER. Mr. Counsel, you may proceed.

Mr. KENNEDY. Would you tell us about that, Mr. Morgano?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

#### TESTIMONY OF HAROLD E. RAYDER—Resumed

Mr. KENNEDY. May I ask the sheriff a question?

That recording is correct, is it not, Sheriff?

Mr. RAYDER. Yes.

Mr. KENNEDY. That was the recording you took the night you met with Mr. Morgano in the automobile?

Mr. RAYDER. That is correct.

Mr. KENNEDY. And some of the names that were used—there was no implication of wrongdoing on their part, but you just made statements?

Mr. RAYDER. I made statements in order to get my information.

Mr. KENNEDY. When you talked about meetings or that these people were in on something, you just made that up in order to get him to talk?

Mr. RAYDER. At this particular time, Buchanan and Pivarnik knew nothing of this whatsoever. The only reason I did this was I wanted to get the information from him. Mr. Buchanan stated previous to this that anything that I done, or did—pardon me—was to help the office and he felt that knowing me as many years as he did, that everything that I done—did—was O.K. and he would back me up to the limit on anything.

Mr. KENNEDY. During the course of the conversations earlier, there had been some discussion about Uzelac, the man who had been shot in Lake County.

Mr. RAYDER. Yes. Uzelac was shot in Gary at 45th and Broadway.

Mr. KENNEDY. And Mr. Morgano was found guilty of that shooting?

Mr. RAYDER. Well, he was taken up in front of Metro Holovachka and given a \$200 fine and a suspended sentence.

Senator GOLDWATER. What is the man's name?

Mr. RAYDER. Metro Holovachka.

Mr. KENNEDY. Did you raise some question that you didn't want that kind of thing to happen in your county?

Mr. RAYDER. That is correct.

Mr. KENNEDY. What did Mr. Morgano say about that?

Mr. RAYDER. He told me that that wouldn't happen; that everything would be nice and quiet.



Mr. KENNEDY. There was also some reference in this conversation, or some indication that he would allow or permit you to make some raids in order to make it look good.

Mr. RAYDER. That is correct.

Mr. KENNEDY. Would you relate what he said to you in some of the conversations?

Mr. RAYDER. There would be certain spots that would be set up that we could raid in order to get a headline in the paper, to make it look like we had a wonderful law enforcement office.

It was stated that the windows would be knocked out, the tables turned over, wreck the place, bring in a couple of women and they would send over somebody to get them out.

Mr. KENNEDY. So the whole thing was planned out from start to finish?

Mr. RAYDER. That is correct.

Mr. KENNEDY. And as he said, he was going to have such control over the county that even a fly couldn't get in?

Mr. RAYDER. That is correct.

#### TESTIMONY OF THOMAS MORGANO—Resumed

Mr. KENNEDY. Is that right, Mr. Morgano?

Mr. MORGANO. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United State, by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. May I ask a question?

Mr. Morgano, have you ever seen this gentleman, Mr. Harold Rayder, who is chief deputy of Porter County?

Mr. MORGANO. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. Do you deny that you have ever had any conversations with him?

Mr. MORGANO. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. That is all.

Mr. KENNEDY. Was it also explained during the course of some of these conversations as to the reason that Mr. Morgano and his group from the Chicago underworld wanted to get into Porter County? That is, namely, the fact that there was going to be some new steel mills?

Mr. RAYDER. Yes. In Porter County, there isn't any doubt that the community will not grow. It has been an agricultural atmosphere in Porter County, mainly farming. But now the Bethlehem and National Steel Co. are building into the northern part of the county. Portage Township will incorporate before July 1.

The population of Portage Township at this time is greater than Valparaiso. I would assume that Portage Township will be the Gary of tomorrow of Porter County.

Mr. KENNEDY. What evidently was going on was an attempt to get in early, so that they would have complete control when the influx of new industry would come in?

Mr. RAYDER. That is right. They would move in on the ground floor and be well established.

Mr. KENNEDY. You stated earlier that in the conversations that you originally had with Mr. Morgano, he claimed that he had his bosses up in Chicago, from whom he was taking orders. We can see also on page 9 where he says, "Then I can go back in Chicago and I will give 'em the news."

So there is no question but what he was just one of a group of an underworld syndicate operating out of Chicago which was trying to gain control of the situation; is that correct?

Mr. RAYDER. That is correct.

Senator GOLDWATER. Did you say your home was in Gary?

Mr. MORGANO. Yes, sir.

Senator GOLDWATER. How long have you lived there?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. You were born in Italy, were you not?

Mr. MORGANO. I respectfully decline to answer under the provisions of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. When did you come to the United States?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. When did you become a citizen of the United States?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. Are you an American citizen?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. Do you think that being an American citizen might tend to incriminate you?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment of the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator GOLDWATER. Mr. Counsel, is this man a citizen of this country?

Mr. KENNEDY. From the records we have, and from what we understand, he is not a citizen of the United States?

Senator GOLDWATER. Can we find that out and make certain of it?

Mr. KENNEDY. The information that we have, Mr. Chairman, at the present time, is that he is not a citizen of the United States. We requested more details on it from the Bureau of Immigration, but we have not obtained them as of this time.

Senator CURTIS. Mr. Chairman—

Senator GOLDWATER. Just one moment, Senator.

How soon do you think you will have that information?

Mr. KENNEDY. We checked, and the Bureau has told us that he is definitely not a citizen. He is an alien. We have been trying to get

further details on it. We have been informed that they have an open file at this time in connection with Mr. Morgano, and that further information cannot be furnished to the committee.

Senator GOLDWATER. What is he doing in this country?

Mr. KENNEDY. I guess he is setting up a house of prostitution in Porter County. I don't know what else.

Senator GOLDWATER. Is there some way that this man can be sent back to the place from whence he came?

Mr. KENNEDY. I would think so. I don't know why some work has not been done on it at an earlier time. We will show from his background and record that he has a long career of difficulties and trouble with the law, and that it would appear that investigation should have been made of him even at an earlier date than the present time.

Senator GOLDWATER. Let me ask you a question, Mr. Counsel, before you get to that.

Is there any evidence any place along the line that any of the local authorities or State authorities ever tried to get this man sent from this country?

Mr. KENNEDY. We have requested that information from the Federal Government, and they have told us that they cannot give us any information along those lines because it is now an open investigation. We don't know how long it has been an open investigation, but they will not furnish us any information other than he is now an alien.

We have requested to review the file, to determine just what the reason was that some action had not been taken against this man at an earlier time. They have, as I say, refused to give us the file, or refused to allow us to review the file.

Senator GOLDWATER. Senator Curtis.

Senator CURTIS. My question has been answered.

Mr. KENNEDY. We have been talking generally about some of the people in Lake County. We have had some cooperation from some of the authorities in Lake County.

As I understand, you also had some conversations with Mr. Morgano, particularly about, for instance, the mayor of Gary, Ind., Mr. Chacharis?

Mr. RAYDER. Mr. Chacharis.

Mr. KENNEDY. Did Mr. Morgano say something about him?

Mr. RAYDER. Well, Chacharis' name was brought up when I discussed Sam Uzelac and Metro Holovachka. He became rather irritated at the word of Chacharis.

Mr. KENNEDY. He made some statement about Mr. Holovachka, did he not?

Mr. RAYDER. Well, there had been quite a little trouble over there, but I don't know really all the trouble that took place in Lake County.

Mr. KENNEDY. Did he say as far as he was concerned Mr. Holovachka was OK?

Mr. RAYDER. Yes.

Mr. KENNEDY. But as for Mr. Chacharis, the mayor of the city, he was not pleased with him?

Mr. RAYDER. That is correct.

Mr. KENNEDY. I would like to say, Mr. Chairman, that Mr. Chacharis, the mayor of Gary, has been extremely cooperative in the investigation we have been conducting. It is indicated from Mr.

Morgano's conversations with Mr. Rayder that Mr. Morgano, although he approved of Mr. Holovachka, violently disapproved of Mr. Chacharis, which is certainly a white mark for the mayor.

Could I call Mr. Duffy to give a little of the background of Mr. Morgano?

Senator GOLDWATER. Yes.

While Mr. Duffy is coming to the stand, Mr. Counsel, not being a lawyer, I have to ask these questions, but how can a man who is not a citizen of this country take advantage of our Constitution?

Mr. KENNEDY. Well, the Constitution and the Bill of Rights is not restricted to just citizens of the United States. It is applicable to any—for instance, the fifth amendment—to anybody appearing before a body, appearing in a “criminal case.” They do not have to testify against themselves.

It does not say that this right is restricted just to American citizens. That right is available to anybody appearing before such a body, under the interpretation of the Supreme Court. Under the Constitution, it is limited to a “criminal case,” but it has been interpreted by the Supreme Court to include congressional committees.

Senator CURTIS. Mr. Chairman, I would like to ask Mr. Morgano one question.

Mr. Morgano, you have been reading a paper before you. Where did you get that paper?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. That is the paper I am referring to. Who prepared it for you?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. That is all.

#### TESTIMONY OF LAVERN J. DUFFY—Resumed

Senator GOLDWATER. Have you been sworn?

Mr. DUFFY. Yes, Senator.

Mr. KENNEDY. Mr. Duffy, what have we found out as far as Mr. Morgano is concerned?

Mr. DUFFY. I would like to give some information as to where he was born, to put that in the record.

He was born in Calascibetta Caltanissetta, Italy.

Mr. KENNEDY. The first is C-a-l-a-s-c-i-b-e-t-t-a, and the next is C-a-l-t-a-n-i-s-s-e-t-t-a. That is in Italy.

Mr. DUFFY. Correct. He was born on June 18, 1900.

Would you like to have me give the police record?

Mr. KENNEDY. Yes.

Mr. DUFFY. He was arrested on December 23, 1931, for violation of the National Prohibition Act and received a 30-day sentence in the county jail in Crown Point, Ind.

Senator GOLDWATER. Do you know when he came to this country.

Mr. DUFFY. Again, Senator, we have been unable to obtain that information from the open file in the Chicago office that we have on him.

Mr. KENNEDY. The Chicago office of the Immigration authorities.

Mr. DUFFY. On January 5, 1939, Morgano was sentenced to 180 days for conspiracy to violate the internal revenue laws, in the Federal Penitentiary at Milan, Mich.

On June 14, 1941, Morgano was arrested for violation of the internal revenue liquor law and convicted and sentenced to 2 years in prison. He was parolled December 6, 1942.

On September 1, 1948, Morgano was held for investigation by the Police Department in Gary, Ind., because he obtained money under false pretenses. He was released on September 2, 1948, without being charged.

On September 11, 1952, Morgano was arrested by the Gary, Ind., Police Department on a gambling charge and released on September 12 after investigation.

On October 6, 1958, Morgano was arrested and charged with assault and battery with attempt to commit manslaughter and for carrying a gun without a permit. He was interrogated at Crown Point, Ind., tried, convicted as charged, fined \$200 and given a suspended sentence.

On November 24, 1958, Morgano was arrested and held for investigation on assault and battery with intent. Based on a lie detector test taken at Reid Laboratories at Chicago, this investigation was dropped.

Mr. KENNEDY. Do we know who his close associates are in Chicago?

Mr. DUFFY. Yes; we are going to get into the activities of Tony Pinelli, national syndicate hoodlum, connected with the Chicago crime syndicate. We know as late as 1957 Mr. Morgano had certain business relationships with Mr. Pinelli.

Mr. KENNEDY. Who else? Tony Accardo?

Mr. DUFFY. Well, Tony Accardo and Sam "Mooney" Giancana, the Nos. 1 and 2 hoodlums in Chicago today.

Mr. KENNEDY. He is also associated with them?

Mr. DUFFY. Yes.

Mr. KENNEDY. And also associated with John Formusa from Hollywood, Calif.?

Mr. DUFFY. Yes.

Mr. KENNEDY. And Gary, Ind.?

Mr. DUFFY. Yes.

We also have information that Mr. Morgano served as a special investigator for the Chicago Master Barbers Association from December 1953 to December 1954. We are trying to find out how he got this particular job. We feel Mr. Pinelli was influential in having him obtain this position.

Mr. KENNEDY. Would you explain what the Barbers Association is?

Mr. DUFFY. The Chicago Barbers Association is similar in nature to the Chicago Restaurant Association, which we went into at a prior date, to keep in line and enforce the laws relating to the price of haircuts and things such as that, negotiate contracts with the union and that sort of thing.

Mr. KENNEDY. And he worked for them, even with this record?

Mr. DUFFY. With this record. He was a special investigator.

Mr. KENNEDY. And also, as I understand, a public relations man?

Mr. DUFFY. Our information is that he was nothing more than a muscleman for him.

Mr. KENNEDY. Who else worked for the Chicago Barbers Association? Have you any of those names?

Mr. DUFFY. Carlo Colonna.

Mr. KENNEDY. Who is Carlo Colonna?

Mr. DUFFY. He is also a special investigator, even currently with the Chicago Barbers Association. He is also in business with James Allegetti. James Allegetti is a notorious Chicago hoodlum. They run the C. & B. Meat Purveyors of Chicago, another syndicate operation in Chicago today.

Mr. KENNEDY. We touched on them briefly during the Chicago restaurant hearings; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And the fact that there was some evidence that restaurants and nightclubs in the Chicago area are forced to buy a certain percentage of their meat from this company?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Do we know of any of the other people who worked for the Chicago Barbers Association?

Mr. DUFFY. Yes. We have quite a few close friends of Mr. Pinelli in with this particular association: Mr. Gruttadauro, who is a nephew of Mr. Pinelli. He was also a special investigator for 1 week in 1953, with the Chicago Barbers Association.

Then in 1958, his brother, James Gruttadauro, also a nephew of Pinelli, was retained by the Chicago Barbers Association and is currently still on the payroll.

We also have some other hoodlums, Mr. Frank Zizzo, who migrated to Gary in 1957 to take over some of Mr. Pinelli's enterprises, gambling enterprises, in Lake County. We will get into that later during the course of these hearings.

Mr. Zizzo was also on the payroll of the Chicago Barbers Association up until April 1, 1957, for a 3-year period.

There are a couple of other characters on there that have long records. We will get into that a little later.

Mr. KENNEDY. Can you give their names for me, please?

Mr. DUFFY. I am afraid I don't have them here. There is a Mr. Dicks, who has a long record, who is still with them. There are a couple of others, but I can't recall their names.

Mr. KENNEDY. Joe Doto?

Mr. DUFFY. No.

There are around seven individuals that we found with a definite link to Mr. Pinelli who had been on the payroll of the Master Barbers Association.

We would like to know how they got these positions, and we think Mr. Pinelli has something to do with it.

Mr. KENNEDY. As yet we have no explanation as to why the Chicago Barbers Association hires individuals either with police or criminal records or closely associated with the underworld in Chicago.

Mr. DUFFY. That is correct. We have examined their records minutely. We have found no records of what they did with the Barbers Association.

Mr. KENNEDY. On any of these individuals?

Mr. DUFFY. Any of these special investigators. They filed no reports. We found nothing that they have done for the association. Some of those will be witnesses later in this hearing.

Mr. KENNEDY. This is the Barbers Association which negotiates the contract with the union; is that correct?

Mr. DUFFY. That is one of their functions.

Mr. KENNEDY. It is a situation similar to what we found in the cartage group in New York, and the Restaurant Association in Chicago, and the jukebox industry generally throughout the country?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And with the linen supply industry in Detroit, Mich.?

Mr. DUFFY. That is correct.

Mr. KENNEDY. On Morgano, further, he has a restaurant, is that correct, the Villa Pizza Restaurant?

Mr. DUFFY. Yes. Mr. Morgano has an interest in the Ricochet Restaurant at 45th and Broadway, Gary, Ind. This is the location where Mr. Morgano shot Mr. Sam Uzelac, another hoodlum associated with Morgano, on October 5, 1958.

Mr. KENNEDY. Where he received the \$200 fine?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Isn't that really the major reason why you didn't make an arrest of Mr. Morgano at the time he made this approach to you, that you felt without some public support that Mr. Morgano would again be released with a light sentence?

Mr. RAYDER. That is correct.

Mr. KENNEDY. In the Villa Pizza Restaurant, he has been a partner of Tony Pinelli, Jack Doyle, and John Formusa?

Mr. DUFFY. The records that we have examined have not shown that he had a direct interest in it. We know he has been around there a lot, and we think he has an interest, but there is nothing in the record.

Mr. KENNEDY. Then he has an interest in the College Inn Restaurant; is that right?

Mr. DUFFY. Located on the campus at Valparaiso University.

Mr. KENNEDY. This man, Mr. Chairman, has an interest in the College Inn Restaurant which is actually located on the campus of Valparaiso University, this man with this record who is not even a citizen of the United States, who has this background and who was planning to open up a house of prostitution in Porter County. He is the one that runs the restaurant at Valparaiso University.

Senator GOLDWATER. Did you find out in your investigation who in the university or college gives the permits or grants the leases?

Mr. DUFFY. We haven't looked into that, Senator.

Senator GOLDWATER. That would be interesting to know, how a man like this can ever get on a campus, let alone run a business on it.

I want to get back to this \$200 fine for a moment. At what level of court was that fine levied?

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Mr. SINCLAIR. Senator, it is the Lake County criminal court, a State court, a county court.

Senator GOLDWATER. Is the judge an elected judge or an appointed judge?

Mr. SINCLAIR. The judge is an elected judge.

Senator GOLDWATER. Is this the first instance of a light fine being given for that serious an offense?

Mr. SINCLAIR. No, Senator, it follows a pattern.

Senator GOLDWATER. Is the judge still on the bench?

Mr. SINCLAIR. The judge is still on the bench.

Senator GOLDWATER. How long has he been there?

Mr. SINCLAIR. I am not certain, Senator, but I would say he is serving his third term as judge, criminal court judge.

Senator GOLDWATER. Have you other examples of people like this being let off with light fines or light sentences?

Mr. SINCLAIR. Not available, Senator.

Senator GOLDWATER. I think it would be interesting to get that, not necessarily to make it public, but I would like to see it for my own information. Then I will decide if we want to make it public.

Mr. SINCLAIR. Yes, sir.

Mr. KENNEDY. Isn't it a fact that on occasion the State police have tried to move into Lake County in order to clean the matter up, and that after arrests are made for this gambling or for some of these other activities, that the prosecution then has to be turned over to Holovachka and brought before possibly a more lenient judge, and that these people get off with very minor fines?

Mr. SINCLAIR. That is true. He has to approve the affidavits on which the arrests were predicated. On the basis of that, the prosecution is very light.

Mr. KENNEDY. So Holovachka had complete control over the county as to who was going to be prosecuted; is that correct?

Mr. SINCLAIR. That is correct.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. There is one other thing. We find that, from our investigation, there has been a lot of violence in the Gary area, and in Valparaiso, relating to pizza places. We know definitely that Mr. Pinelli had a pizza place in Gary also, and Mr. Morgano had a pizza place in Gary. There were a lot of dynamitings and violence in the area relating to pizza places.

We have no proof, but there is some evidence, conclusive proof we do not have, that Mr. Pinelli and Mr. Morgano were involved in these actions in the area relating to violence.

Mr. KENNEDY. What is the significance of a pizza restaurant? Is that the first step in the establishment of a gambling place in a restaurant?

Mr. DUFFY. It seems to be indicated.

Mr. KENNEDY. Have we interviewed and talked to individuals in the Lake County-Porter County area who have been approached for that?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Approached to set up a gambling establishment?

Mr. DUFFY. It seems to be a front to set up their gambling operations in back. That is apparently what it is.

Mr. KENNEDY. Do we also find that—

Senator GOLDWATER. Before you get away from this, I want to repeat my request for information as to who is responsible for leasing property at this college. Again, it does not have to be a part of the



public record, but I just want to know how a fellow like this can ever get away with renting anything on an American college campus.

Mr. KENNEDY. We will get that, Mr. Chairman.

Senator CURTIS. Might I ask Mr. Duffy a question?

Has Mr. Morgano been tied up in anything connected with labor-management fields that you know of at this time, aside from the Master Barbers Association?

Mr. DUFFY. No, Senator. We know nothing other than that.

Mr. KENNEDY. Morgano attempted in 1953, together with Joe Caprio, to organize a prospective association for restaurant operators in Gary and Lake County, did he not?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And Caprio was subsequently found in the trunk of an automobile in Michigan?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And thereafter the protective association was suspended?

Mr. DUFFY. That is correct.

#### TESTIMONY OF THOMAS MORGANO—Resumed

Mr. KENNEDY. Do you know how he got in the trunk, Mr. Morgano?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States.

Mr. KENNEDY. When you were talking to Mr. Rayder, you explained that anybody that opposed you would end up in the trunk of an automobile.

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the facts that my answer might tend to incriminate me.

Mr. KENNEDY. Did you offer Mr. Rayder \$100,000 as a payoff minimum, \$50,000 for himself and \$50,000 to be passed on to other public officials of Porter County?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States by reason of the fact that my answer might tend to incriminate me.

Mr. KENNEDY. On page 14 of the transcript, you say—

You can make some money. We'll make some real money. \* \* \* Let 'em bust in—let everybody bust in. I'll take care of 'em. Nobody gonna bust in on me.

What did you mean by that?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Mr. KENNEDY (reading):

Everybody has got to be cleaned—corner to corner. Not even a fly gonna come in.

Is that right, Mr. Morgano?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States.

Mr. KENNEDY. Then on the house of prostitution:

Yeah, one big house. \* \* \* Well, I gotta make some money to pay you people.

You are talking about setting up a house of prostitution.

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer might tend to incriminate me.

Mr. KENNEDY. Then,

So long as the D.A. and the sheriff says the county is mine, then I'll take care of it in taking things over.

Is that right, Mr. Morgano?

Mr. MORGANO. I respectfully decline to answer under the provision of the fifth amendment to the Constitution of the United States, by reason of the facts that my answer might tend to incriminate me.

Senator GOLDWATER. Speaking for the committee and for myself, I think this is another evidence where local law enforcement has fallen down. I think the Federal Government might have some blame in this, too. I hope that the local authorities of Indiana, the State of Indiana, and the Federal Government, will move immediately against this man.

I don't think there is an American in this room that can be proud this morning of a man who has come here from Italy, murdered and robbed and stolen, operates houses of prostitution near a college, and our Government allows him to go scot free. I hope this committee and the staff will insist that this Immigration Service get into this immediately and take full strength of justice against this man.

That is all I have.

Have you anything further?

Senator CURTIS. I have nothing further.

Mr. KENNEDY. That is all, Mr. Chairman.

Would you keep Mr. Morgano under subpena, Mr. Chairman?

Senator GOLDWATER. Mr. Morgano, you recognize that you are under subpena?

Mr. MORGANO. Yes.

Senator GOLDWATER. And that you will keep yourself available for this committee until released?

Mr. MORGANO. Yes, sir.

Mr. KENNEDY. And you will return when notified at the address you have given to us?

Mr. MORGANO. Yes, sir.

Senator CURTIS. I have one more question.

Did you ever make an application to become a citizen of the United States?

Mr. MORGANO. I respectfully decline to answer under the provisions of the fifth amendment of the Constitution of the United States by reason of the fact that my answer might tend to incriminate me.

Senator CURTIS. It wouldn't incriminate you. We will have to let the record stand, I guess. That is all, Mr. Chairman.

Senator GOLDWATER. I might say before we recess for the noon period that Mr. Rayder will remain under subpena. He is also under the protection of this committee.

Any time that any threats are made against you or to you, or any indication that harm might come to you, you make it known immediately.

Mr. KENNEDY. Mr. Chairman, could I call on one witness who will be relatively short?

Senator GOLDWATER. All right.

You are excused, but remain where we can get hold of you.

Mr. MORGANO. Can I go back to Gary, or do I remain in Washington?

Senator GOLDWATER. Just stick around until we make up our minds.

Mr. KENNEDY. Mr. Lester Himeline.

Senator GOLDWATER. Do you solemnly swear the evidence you shall give before this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HINELINE. I do.

### TESTIMONY OF LESTER HINELINE

Senator GOLDWATER. Give your name, please.

Mr. HINELINE. Lester Himeline.

Senator GOLDWATER. And your address?

Mr. HINELINE. Rural Route 1, Chesterton, Ind.

Senator GOLDWATER. And your occupation?

Mr. HINELINE. Nothing right now.

Senator GOLDWATER. You may proceed.

Mr. KENNEDY. Mr. Himeline, you were former sheriff of Porter County; is that right?

Mr. HINELINE. Right.

Mr. KENNEDY. And you were sheriff from 1949 through 1958?

Mr. HINELINE. Right.

Mr. KENNEDY. Were there efforts made while you were sheriff for this outside group to try to come in and take over the vice in Porter County?

Mr. HINELINE. No; I never had any threats like that. I only had two. Well, I didn't have them. One was Mr. Morgano here, who threatened to bomb Parry if he didn't put in a pizza kitchen.

Mr. KENNEDY. That was reported to you?

Mr. HINELINE. By Ed Parry.

Mr. KENNEDY. That Mr. Morgano, or through Morgano, that Parry's restaurant was going to be bombed unless he agreed to put in a pizza place in his restaurant?

Mr. HINELINE. That was a telephone call. We cannot verify who it was from, but we took it for granted that is who it was.

Mr. KENNEDY. Because Morgano had approached Parry on an earlier occasion about putting in a pizza place in the restaurant?

Mr. HINELINE. That is what Parry said; yes.

Mr. KENNEDY. Where was Parry's restaurant?

Mr. HINELINE. Right across the street from the jail. It is on the corner of Franklin and Indiana.

Mr. KENNEDY. Was there another occasion? Were you ever approached on any other occasion?

Mr. HINELINE. No. Only the house of prostitution that you spoke about down at Kouts, when they wanted to move in there. But that was some other outfit.

Mr. KENNEDY. Were you offered something in connection with that?

Mr. HINELINE. Yes; I was offered \$10,000 to let it run.

Mr. KENNEDY. Where was this group coming from that was going to set this up?

Mr. HINELINE. I did not know. Mr. Sinclair told me that it came from Chicago Heights. He is the one that found that out.

Mr. KENNEDY. Who was it that spoke to you about the \$10,000?

Mr. HINELINE. That I do not know.

Mr. KENNEDY. Was it a telephone call or what?

Mr. HINELINE. No. They came to the office, at the jail, but I did not know their names. I wasn't interested.

Mr. KENNEDY. When was it?

Mr. HINELINE. About 2 years ago, I imagine, when that was.

Mr. KENNEDY. Do you think now, Mr. Hineline, that there will be a serious effort in Porter County to take action against Mr. Morgano and some of his associates?

Mr. HINELINE. The way it looks, there must be. Everything is gone.

Mr. KENNEDY. Do you think now that there will be?

Mr. HINELINE. I do; yes.

Mr. KENNEDY. Will you go back to Porter County and take whatever steps you can to make sure that there is some action taken?

Mr. HINELINE. I will; anything that I can do.

Mr. KENNEDY. That is, in connection with what has been revealed here this morning and in connection with the rest of Mr. Morgano's activities in Porter County?

Mr. HINELINE. I certainly will.

Mr. KENNEDY. And any of the vice or gambling that is going on at the present time?

Mr. HINELINE. Yes.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator GOLDWATER. The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators Goldwater and Curtis.)

(Whereupon, at 12:03 p.m., the select committee recessed, to reconvene at 2 p.m. the same day.)

#### AFTERNOON SESSION

(The select committee reconvened at 2 p.m., Senator Frank Church presiding.)

Senator CHURCH. The hearing will come to order.

(Members of the select committee present at time of reconvening: Senators Church and Curtis.)

Senator CHURCH. The Chair would like to explain that our distinguished chairman, Senator McClellan, is indisposed today and, for this reason, has not been able to be present during today's hearings. We hope that he will be better soon and will be back to take charge.

Our first witness this afternoon is Mr. William Plunkett.

Mr. Plunkett, will you come forward, please? Will you raise your right hand?

Do you solemnly swear that the evidence you give before this select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PLUNKETT. I do.

## TESTIMONY OF WILLIAM PLUNKETT

Senator CHURCH. Give your name, your address, and present occupation, please.

Mr. PLUNKETT. My name is William Plunkett. I live at 430 Highland Street, in Hammond, Ind. Presently I manage an autowash in that city.

Senator CHURCH. Thank you. Mr. Counsel?

Mr. KENNEDY. Mr. Plunkett, on or around the 15th of August 1958, you had placed two pinball machines in the restaurant of Miss Harriet Zontos; is that correct?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. That is Harriet Z-o-n-t-o-s, Superburger Restaurant, located at 5530 Calumet Avenue, Hammond, Ind.?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. Were you an operator of pinballs at the time?

Mr. PLUNKETT. No.

Mr. KENNEDY. But you did make arrangements to place these two machines?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. You had purchased these two machines in Chicago for a total of about \$600; is that right?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. Or \$650. Shortly after you placed the machines, did you receive a telephone call from Harriet Zontos that certain law-enforcement officials had confiscated the machines?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. They had come in on Saturday, November 8, and taken the machines; is that right?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. Had they shown her a writ or furnished her with a receipt for the machines they took?

Mr. PLUNKETT. No.

Mr. KENNEDY. Do you know what reason they gave for taking the machines?

(At this point Senator Capehart entered the hearing room.)

Mr. PLUNKETT. To be honest, I don't know.

Mr. KENNEDY. They just came in and took the machines?

Mr. PLUNKETT. That is correct.

Mr. KENNEDY. Did you find out who had taken them?

Mr. PLUNKETT. The man who took the machines represented himself as Mr. Walter Conroy.

Mr. KENNEDY. He was from the Lake County public prosecutor's office; is that right?

Mr. PLUNKETT. That is right.

Mr. KENNEDY. Did you contact Mr. Conroy then to find out what had happened to your machines?

Mr. PLUNKETT. I tried on three occasions to contact him by telephone afterwards and was unsuccessful.

Mr. KENNEDY. You never got your machines back?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. You never knew what happened to them?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. You never received any order or any notification from any court or from any law-enforcement official?

Mr. PLUNKETT. No, sir.

Mr. KENNEDY. Your machines were picked up, confiscated, and you never heard again about them; is that right?

Mr. PLUNKETT. That is correct.

Senator CURTIS. Were these machines gambling machines?

Mr. PLUNKETT. They were the Bingo-type machines; yes, sir.

Senator CURTIS. Were they in lawful operation at that time?

Mr. PLUNKETT. I don't know how lawful they were. They were operating across the street, the same type of machine, by another operator.

Senator CURTIS. Who was the other operator?

Mr. PLUNKETT. That I couldn't tell you, sir.

Senator CURTIS. That is all.

Mr. KENNEDY. You never tried to put any machines back in the restaurant?

Mr. PLUNKETT. No, sir.

Senator CHURCH. Did you inquire, Mr. Plunkett, of the prosecutor's office, or did you make any attempt to get these machines back?

Mr. PLUNKETT. No, sir.

Senator CHURCH. Were you the owner of these two machines?

Mr. PLUNKETT. Yes, sir.

Senator CHURCH. After this incident occurred, did you acquire any other machines of this kind or did you make any further effort to set machines in locations in that Lake County area?

Mr. PLUNKETT. No, sir.

Senator CHURCH. You figured that you had lost enough?

Mr. PLUNKETT. That is right.

(At this point Senator Curtis withdrew from the hearing room.)

Senator CHURCH. To your present knowledge, have machines of the same character continued to be operated in Lake County? Are they now being operated there? Do you know?

Mr. PLUNKETT. At the present time, I couldn't say.

Senator CHURCH. Following this for some time afterward, to your knowledge, did machines of this character continue to be located in the county and continue to be played openly and publicly?

Mr. PLUNKETT. Yes, sir.

Mr. KENNEDY. Did you say they are not being played?

Mr. PLUNKETT. I said I couldn't say. I actually haven't seen any machines in operation recently.

Mr. KENNEDY. Mr. Chairman, I might say that from the information we have, the machines, as of last Wednesday, were picked up in Gary, Ind., in Lake County, just at the time of the announcement of these hearings.

Senator CHURCH. Our information is that all these machines have been picked up just as of last Wednesday?

Mr. KENNEDY. They initially were picked up when we began our investigation some months ago, began our hearings on pinball machines generally throughout the United States, and after we had been going for a short period of time they were put back into operation.

From what we understand, they were picked up again last Wednesday, and they are no longer operating as of some 5 or 6 days ago.

Senator CHURCH. I see. Senator Capehart?

There are no further questions. Thank you very much, Mr. Plunkett.

Mr. KENNEDY. Mr. Chairman, Mr. Plunkett testified that there were some machines right across the street that were operating. I would like to call Mr. Sinclair, because after we received this information from Mr. Plunkett, we went to find out what had happened to the machines across the street. I would like to have Mr. Sinclair testify as to that.

Senator CHURCH. Have you been sworn in the course of this hearing, Mr. Sinclair?

Mr. SINCLAIR. Yes; I have, sir.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Senator CHURCH. Identify yourself for the record and proceed.

Mr. SINCLAIR. My name is Richard Sinclair, and I am a member of the professional staff of the committee, Mr. Chairman.

Mr. KENNEDY. After we learned about Mr. Plunkett having his machines picked up, and in accordance with what we had found out initially, that there had been favoritism toward this so-called syndicate group, did we find out what had happened to the machines across the street from the Zontos Restaurant?

Mr. SINCLAIR. We contacted the owner of the Golden Gate Inn, directly across the street from the Superburger Restaurant or drive-in, and we found that they did have in operation two machines there, which netted him an income of \$10,000 a year.

Mr. KENNEDY. \$5,000 from each machine?

Mr. SINCLAIR. \$5,000 from each machine.

Mr. KENNEDY. That would mean that these machines totaled at least \$20,000; is that right?

Mr. SINCLAIR. The gross take would have been \$20,000 for the two machines.

Mr. KENNEDY. That would be the payoffs on the machines?

Mr. SINCLAIR. That would be the net receipts to the operator and to the owner. The payoffs would have been in addition.

Mr. KENNEDY. The payoffs, meaning the payoffs to the person who played them, would be in addition?

Mr. SINCLAIR. Right.

Senator CHURCH. You mean that the income that the location owner realized from the two machines was about \$10,000 in 1 year's time; is that right?

Mr. SINCLAIR. That is right, sir.

Senator CHURCH. And that would represent about half of the take of these two machines in a year's time, inasmuch as the location owner would split the take with the operator; is that correct?

Mr. SINCLAIR. Senator, that would be correct if we included one other element, and that would be the payoff, which is the top money. In other words, the total take for the machines would be more then. You have to deduct from that the payoffs, that is, the hits.

Senator CHURCH. In other words, the machine pays off as a slot machine will pay off from time to time to the player of the machine, except that with these machines the actual money is passed over the counter rather than coming out in coin form from the machine itself?

Mr. SINCLAIR. That is correct, sir.

Senator CHURCH. And after you deduct the amount of the payoffs that were actually made to the players, the net take of these two machines in a year's time was \$20,000?

Mr. SINCLAIR. That is exactly the situation.

Senator CHURCH. And which was divided between the location owner and the operator of the machines.

Mr. SINCLAIR. Right.

Mr. KENNEDY. There was a Federal gambling stamp on each one of these machines?

Mr. SINCLAIR. That is right.

Mr. KENNEDY. Did we find out who owned these machines? Did we find out it was the Sohacki-Welbourn group?

Mr. SINCLAIR. Our investigation did show that, that it was the Sohacki-Welbourn group.

Mr. KENNEDY. And there was no evidence or information that these machines had ever been bothered by the public prosecutor's office?

Mr. SINCLAIR. The owner of the tavern advised me that there had been no complaint made of him about the operation of these machines.

Mr. KENNEDY. In fact, Mr. Sinclair, this is of extreme importance, from an examination of the records at the office of the public prosecutor, and from our own independent investigation, do we find that there never was any confiscation of any machines belonging to the Sohacki-Welbourn group up until the time we began our investigation?

Mr. SINCLAIR. During 5 years of operation there were no confiscations made or shown, reflected on the books of this Sohacki-Welbourn group. The first reflection in the records to the effect that machines had been confiscated was in December of 1958, after our investigation had started.

Mr. KENNEDY. But there were all of these raids that were made on the independent group machines?

Mr. SINCLAIR. The raids on the independents date back to 1955; July 30, 1955.

Mr. KENNEDY. So the result is now in the city of Gary and in Hammond, Ind., this is the only group that really operates at the present time?

Mr. SINCLAIR. That is correct.

Mr. KENNEDY. That is because of the fact that the other competition has been put out of business by the public prosecutor's office?

Mr. SINCLAIR. That is as we see it.

Mr. KENNEDY. That is what we have found?

Mr. SINCLAIR. Right.

Senator CHURCH. There is no question but what these machines were illegal under Indiana law; is there, Mr. Sinclair?

Mr. SINCLAIR. There is no question, Senator.

Senator CHURCH. So that the whole pattern here, over a long period of years, is that the public prosecutor's office, charged with the fair and equal enforcement of the law in the public interest, was moving in and eliminating these machines under the color of the law as illegal, when the machines were not owned by the syndicate, but when the machines were owned by the syndicate, they were permitted to continue and to be operated in violation of the law and were never interfered with or moved in on or otherwise removed from these locations by the public prosecutor?



Mr. SINCLAIR. That is true. They were kept in the gray zone, the zone between legal and illegal. All operators that we contacted recognize these machines as illegal devices, and knew that upon a moment's notice they could be raided or they could be confiscated.

They operated strictly at the discretion of the office of the county prosecutor.

Senator CHURCH. Was there any mechanical difference of any kind between the machines that were owned by the syndicate and the machines that the prosecutor moved in on and took out? Were these essentially the same kind of mechanical machines so that there was no basis of differentiation as between the machines themselves?

Mr. SINCLAIR. That is correct. They all register free games, free plays.

Senator CHURCH. Senator Capehart?

Senator CAPEHART. I have no questions.

Mr. KENNEDY. Mr. Chairman, it might be well if we put the law in the State of Indiana into the record at this time in connection with this situation during the period of 1953.

Senator CHURCH. Yes. If you have someone who can testify and identify the statutory provisions, it would be very appropriate to include them in the record at this time.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. Searching the law applicable to pinball machines in Gary, we found from the Indiana State statutes that all types of pinball machines that pay off are illegal. In 1935 the first law was passed to relate to this. It is "Chapter 23. Gambling," volume 4, part 2, "Burns Indiana Statutes," page 538.

I will not read all of the section, but it is very clear from this provision that all types of machines where you insert a coin with the possibility of receiving something through chance, gifts or tokens, receive credits, allowances, anything of value, is regarded as a slot machine and illegal.

In fact, the attorney general made this statement, which is also in the Burns annotated, the opinion of the attorney general:

Scoring machines in which a nickel is placed and a number of balls shot at holes for the purpose of determining a score, or a score determines whether or not the player is to be rewarded and the amount of the reward, is a gambling device and illegal.

So as of 1935, all types of machines in this category would be illegal. That law continued up until 1955.

Mr. KENNEDY. So definitely from 1935 to 1955 these pinballs were illegal; is that correct?

Mr. DUFFY. That is correct.

Mr. KENNEDY. The law was changed in 1955?

Mr. DUFFY. The law was modified in 1955, and there was a sleeper put in the law which allowed gambling-type pinball machines which record right of replay to be legal. This was a temptation to the location owner because now he could run up a number of games on the machines and he would have to pay off in order to get the man away from the machine. Otherwise he would be playing it all day and he wouldn't be making any money.

Mr. KENNEDY. So it was in 1955 that the law was changed and did not make pinballs per se illegal. Gambling was illegal so that if a payoff was seen, was witnessed, that would be illegal and punishable under the law. But pinball machines per se, were not; is that correct?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Gambling was still illegal and if these machines paid off, the public prosecutor could move in and arrest the individual that was making the payoff; is that right?

Mr. DUFFY. That is right.

Mr. KENNEDY. So the gambling was illegal, but the machine just being on location was not illegal?

Mr. DUFFY. That is correct.

Mr. KENNEDY. But that law, in turn, was changed in 1957; is that correct?

Mr. DUFFY. In 1957 the law was modified again. They wanted to correct this abuse of recording devices on these machines. I will read this particular section.

Provided, in the application of this definition, an immediate and unrecorded right to replay mechanically conferred on players of pinball machines and similar amusement devices shall be presumed without value.

This was to correct all types of recording devices on these machines. It made these machines, per se, gambling devices and violations of the law.

Mr. KENNEDY. I think that is what was pointed out yesterday, when they have these recording devices, that is what is illegal. That is what happened in 1957, so that the machines themselves were illegal from 1935 to 1955, and from 1957 on. Between 1955 and 1957 there had to be, under the interpretation of the law, a witness of a payoff.

But now the machines are, per se, illegal.

Senator CHURCH. I think that summarizes the applicable Indiana law during the period in question. Without objection, the actual provisions of the statute and the excerpts from the attorney general's opinion that Mr. Duffy referred to will be incorporated in the record at this point. Of course, the law can speak for itself.

(The material referred to follows:)

The following 1935 Indiana State statute concerning coin-operated pinball machines is quoted from "Chapter 23, Gambling," volume 4, part 2, "Burns Indiana Statutes," page 538:

"SEC. 10-2327. Slot machine defined: Any machine, apparatus, or device is a slot machine or device within the provisions of this act if it is one that is adapted, or may readily be converted into one that is adapted, for use in such a way that, as a result of the insertion of any piece of money or coin or other object such a machine or device is caused to operate or may be operated, and by the reason of any element of chance or of other outcome of such operation unpredictable by him, the user may receive or become entitled to receive any piece of money, credit, allowance or thing of value, or any check, slug, token or memorandum, whether of value or otherwise, which may be exchanged for any money, credit, allowance or thing of value, or which may be given in trade, or the user may secure additional chances or rights to use such machine, apparatus or device, even though it may, in addition to any element of chance or unpredictable outcome of such operation, also sell, deliver or present some merchandise, indication of weight, entertainment, or other thing of value (Acts 1935, ch. 3212, p. 1539).

"Opinions of attorney general: Scoring machine in which a nickel is placed and a number of balls shot at holes for the purpose of determining the score,

where the score determines whether or not the player is to be rewarded and the amount of the award, is a gambling device and illegal (1935, p. 23)."

In 1955 the State legislature passed an amendment to the 1935 act. The pertinent section is quoted from "Chapter 23. Gambling," volume 4, part 2, "Burns Indiana Statutes," p. 539.

"10-2330. Definitions: As used in this Act (10-2329—10-2336) :

"\* \* \* (3) 'Professional gambling' means accepting or offering to accept for profit, money, credits, deposits, or other things of value risked in gambling, or any claims thereon or interest therein. Without limiting the generality of this definition, the following shall be included: \* \* \* pinball machines which award anything other than an immediate right of replay.

"(4) 'Gambling device' means any mechanism by the operation of which a right of money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance; any mechanism which, when operated for a consideration does not return the same value or thing of value for the same consideration upon each operation thereof. But in the application of this definition, an immediate right of replay mechanically conferred on players of pinball machines and similar amusement devices shall be presumed to be without value."

The 1955 amendment to the 1935 pinball law made "free plays" legal for the first time under Indiana State law. The language in the 1955 amendment is clear on this point, "immediate right of replay mechanically conferred on players of pinball machines \* \* \* shall be presumed to be without value."

In order to correct the abuses allowed from the 1955 amendment to the 1935 law, the 1957 Indiana State Legislature again passed additional legislation controlling the operation of pinball machines. The following portion of Chapter 23: Gambling, is quoted from the 1957 Cumulative Pocket Supplement Burns Annotated Indiana Statutes, volume 4, part 2, page 5:

"SECTION 10-2330. DEFINITIONS:

\* \* \* (3) Professional gambling means accepting or offering to accept, for profit, money, credits, deposits, or other things of value risked in gambling, or any claims thereon or interest therein. Without limiting the generality of this definition, the following shall be included: pinball machines which award anything other than an immediate and unrecorded right of replay.

"(4) Gambling device means any mechanism by the operation of which a right to money, credits, deposits, or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance; \* \* \* *Provided*, That in the application of this definition an immediate and unrecorded right to replay mechanically conferred on players of pinball machines and similar amusement devices shall be presumed to be without value."

The 1957 law was passed to correct the "payoff" abuse which resulted from the number of replays run up on the pinball machines and the replays that were being redeemed in cash. The 1957 law made it illegal for pinball machines to be used in Indiana that recorded replays. The law says in order for the pinball machine to be legal it can only return to the player "an immediate and unrecorded right to replay."

The following part of the United States Internal Revenue Code dealing with occupational tax on coin-operated devices is quoted in part:

"Section No. 4461.—Imposition of Tax:

"There shall be imposed a special tax to be paid by every person who maintains for use or permits the use of, or any place or premises occupied by him, a coin-operated amusement or gaming device at the following rates:

"(1) \$10.00 a year, in the case of a device defined in paragraph (1) of section 4462(a).

"(2) \$250.00 a year in the case of a device defined in paragraph (2) of section 4462(a) and

"(3) \$10.00 or \$250.00 a year, as the case may be, for each additional device so maintained or the use of which is so permitted. If one such device is replaced by another, such other device shall not be considered an additional device."

"Section No. 4462—Definition of Coin-Operated Amusement or Gambling device:

"(a) IN GENERAL.—As used in sections 4461 to 4463, inclusive, the term 'coin-operated amusement or gaming device' means—

"(1) Any amusement or music machine operated by means of the insertion of a coin, token, or similar object, and

"(2) So-called 'slot' machines which operate by means of insertion of a coin, token, or similar object and which, by application of the element of

chance, may deliver, or entitle the person playing or operating the machine to receive cash, premiums, merchandise, or tokens."

Mr. KENNEDY. It might be of interest to point out, as we did yesterday, that for instance, in 1954, when the machines themselves were illegal, there were over \$1 million in collections in that year alone from these machines which were operating.

Mr. HERMAN GOOT. Mr. Chairman.

Senator CHURCH. Mr. Herman Goot.

Raise your right hand, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOOT. I do.

### TESTIMONY OF HERMAN GOOT

Senator CHURCH. Please give your name, your residence, and your occupation, Mr. Goot.

Mr. GOOT. Herman Goot, 5008 Calumet Avenue, Hammond, Ind. I am a tavern owner.

Senator CHURCH. Thank you, Mr. Goot.

Mr. KENNEDY, proceed.

Mr. KENNEDY. Mr. Goot, you have operated for the past 10 years, or had operated for approximately 10 years, a tavern in the 5000 block of Calumet Avenue, Hammond?

Mr. GOOT. That is right.

Mr. KENNEDY. Do you still operate that tavern?

Mr. GOOT. Yes; I do.

Mr. KENNEDY. In the year 1955 you were in the jukebox-pinball machine business in the Hammond area?

Mr. GOOT. Yes; I was.

Mr. KENNEDY. You had a partner at that time by the name of Mr. Tarre?

Mr. GOOT. That is right.

Mr. KENNEDY. In 1955, in that year, you sold out your pinball operation?

Mr. GOOT. Yes; we did.

Mr. KENNEDY. Why did you sell out your pinball operation?

You were distributing pinballs as well as being in the tavern business. Why did you sell out your pinballs?

Mr. GOOT. Well, we went in business when the new law came into effect in 1955. I believe it was the 1st of July, and after we were in it for 3 or 4 weeks our locations were being bothered, saying that they were paying off on the machines, and they were illegal.

Mr. KENNEDY. You had approximately 56 pinball machines?

Mr. GOOT. Yes, sir.

Mr. KENNEDY. And then you started, after you went into business, to being raided by the representatives of the public prosecutor's office; is that right?

Mr. GOOT. Well, they eventually picked up machines from three locations.

Mr. KENNEDY. Why didn't you remain in business? What was the reason that you got out?

Mr. GOOT. Well, we were being forced out. We were losing our machines.

Mr. KENNEDY. Who was forcing you out?

Mr. GOOT. The machines were picked up from three locations.

Mr. KENNEDY. Was that sufficient to force you out of business?

Mr. GOOT. Well, the other locations had also been warned.

Mr. KENNEDY. Who was forcing—what I am trying to find out is who was forcing you out of business, Mr. Goot.

Mr. GOOT. Mr. Conroy was going to the different locations.

Mr. KENNEDY. Who is Mr. Conroy?

Mr. GOOT. He is the investigator for the prosecutor's office.

Mr. KENNEDY. And he is the one who was conducting the raids on your pinball machines?

Mr. GOOT. Yes, sir.

Mr. KENNEDY. And picking them up; is that right?

Mr. GOOT. That is right.

Mr. KENNEDY. Ultimately you sold out to the Hammond Sales Co. for some \$20,000; is that right?

Mr. GOOT. Well, I don't know. My partner handled that transaction.

Mr. KENNEDY. Did you know who owned that company?

Mr. GOOT. No, I didn't.

Mr. KENNEDY. Did you know it was owned by Mr. George Welbourn?

Mr. GOOT. No. I have never met the man; never heard of him.

Mr. KENNEDY. It was the efforts of the public prosecutor's office that ultimately led you to sell out your machines; is that right.

Mr. GOOT. That is right, sir.

Mr. KENNEDY. Did you find that shortly after your own machines were picked up, that this so-called syndicate operation machines came in and replaced them?

Mr. GOOT. Well, in the locations where we sold out our machines were left in there.

Mr. KENNEDY. I am talking about prior to the time you sold out, where you lost your three locations.

Did you find that the syndicate machines came in and replaced those?

Mr. GOOT. No, sir.

Mr. KENNEDY. Do you know if any machines came into replace them?

Mr. GOOT. There wasn't anything replaced those until after we sold out, I believe.

Mr. KENNEDY. After you sold out were machines replaced there?

Mr. GOOT. I believe—

Mr. KENNEDY. Were your machines replaced?

Mr. GOOT. Well, we had sold out then. I don't know who replaced the machines then.

Mr. KENNEDY. Were any machines placed in the locations that you lost?

Mr. GOOT. Yes, they were placed after we sold out.

Mr. KENNEDY. Do you know who replaced them?

Mr. GOOT. Hammond Sales.

Mr. KENNEDY. The company to whom you sold?

Mr. GOOT. That is right.

Mr. KENNEDY. Do you know if the representative of the public prosecutor's office ever raided these machines? Or ever tried to confiscate those machines?

Mr. GOOT. Not that I know of, sir.

Mr. KENNEDY. What happened to the machines that were confiscated, your machines that were confiscated?

Mr. GOOT. That I don't know.

Mr. KENNEDY. Did you ever get any record from the public prosecutor's office as to what had happened to them?

Mr. GOOT. No, sir.

Mr. KENNEDY. Did you ever call?

Mr. GOOT. I tried to reach him all during the time we were being bothered, and I could never reach him.

Mr. KENNEDY. Did you ever talk to Mr. Metro Holovachka at all about the situation?

Mr. GOOT. Not at all after the machines were confiscated.

Mr. KENNEDY. What conversation did you have with him then?

Mr. GOOT. Well, I can't remember exactly, except that he said that "Where were you at election time?" or something on that order.

Mr. KENNEDY. Is that when you were complaining about the fact that your machines were being picked up?

Mr. GOOT. No. The only time I reached him was after we had sold out.

Mr. KENNEDY. What conversation did you have with him at that time? What did you say to him once you reached him?

Mr. GOOT. I just wanted to know why I couldn't do business in the county.

Mr. KENNEDY. What did he say?

Mr. GOOT. He asked me where I was at election time, and that was all.

Mr. KENNEDY. Did you understand that that meant that you were finished as far as a businessman in this area?

Mr. GOOT. I understood that was or meant that I was through in the pinball business.

Mr. KENNEDY. Is that when you decided you would sell out?

Mr. GOOT. I believe so. I don't remember the exact course of events.

Mr. KENNEDY. Or approximately during that period?

Mr. GOOT. During that period. That was 4 years ago.

Mr. KENNEDY. I understand.

Did you ever have any other dealings with Mr. Holovachka?

Mr. GOOT. Well, I had dealings with him at a later date.

Mr. KENNEDY. Would you relate what happened? Would you relate what happened in connection with that?

Mr. GOOT. Well, during the 19—I believe it was the latter part of March of 1958 that one of his investigators had sent a minor into my tavern, and after I had sold him six cans of beer he came in and told me he had sent the minor in, and took my license number.

Mr. KENNEDY. Was the minor obviously a minor?

Mr. GOOT. Well, he sure didn't look like a minor in my opinion.

Mr. KENNEDY. How big was he?

Mr. GOOT. I think he weighed 215 pounds and was 5 feet 11 inches.

Mr. KENNEDY. So you were arrested then for selling beer to a minor?

Mr. GOOT. Yes, sir; I was.

Mr. KENNEDY. Did the minor that came in relate when he testified that he had been sent in there and paid money to go in there by a representative of the public prosecutor's office?

Mr. GOOT. Yes, sir. At the trial at Crown Point he admitted that he received \$5 for his efforts.

Mr. KENNEDY. You were convicted, though?

Mr. GOOT. I was convicted and fined \$1 and costs.

Mr. KENNEDY. Did you understand why it was that he tried to do this to you?

Mr. GOOT. Well, I just heard a rumor that I was supposed to be backing the wrong candidate. That was the only reason that I heard.

Mr. KENNEDY. That you were backing the wrong candidate for public prosecutor.

Mr. GOOT. Yes, sir.

Mr. KENNEDY. Did you change candidates then?

Mr. GOOT. No, sir.

Mr. KENNEDY. Did you continue to back the same man?

Mr. GOOT. Well, I hadn't backed him previously, but I backed him after that happened.

Mr. KENNEDY. Who were you supposed to be backing? Who did he want you to back?

Mr. GOOT. Well, he never said that he wanted me to back anyone.

Mr. KENNEDY. Who did you understand that you should be backing?

Mr. GOOT. Well, he was behind Mr. Vance. I wasn't behind anyone until after that happened.

Mr. KENNEDY. Who were you behind after that happened?

Mr. GOOT. Mr. Roberto, who was his opponent.

Mr. KENNEDY. You backed his opponent afterward?

Mr. GOOT. Yes, I did.

Mr. KENNEDY. You operated jukeboxes also; is that right?

Mr. GOOT. Yes, sir.

Mr. KENNEDY. Did you sell out your jukeboxes in 1957?

Mr. GOOT. In 1958, sir.

Mr. KENNEDY. That was after the death of your partner?

Mr. GOOT. That was about 2 years after.

Mr. KENNEDY. To whom did you sell your jukeboxes?

Mr. GOOT. To Harold Anderson.

Mr. KENNEDY. Do you know who was his superior?

Mr. GOOT. No; I don't, sir.

Mr. KENNEDY. Did you know that this pinball syndicate in Gary also controlled his company?

Mr. GOOT. No; I don't. I heard that afterward, but I never knew at the time and I still don't know it.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CHURCH. Senator Capehart, do you have any questions?

Senator CAPEHART. No questions, Mr. Chairman.

Senator CHURCH. Thank you very much.

Mr. GOOT. Thank you.

Mr. KENNEDY. Mr. Chairman, I might recall Mr. Duffy to put in what we know about the companies that purchased the pinball and the jukebox operation.

Senator CHURCH. All right, Mr. Duffy.

## TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. The particular jukeboxes that were sold by Mr. Goot were sold to the H. A. Novelty Co., which was an affiliate company of the Sohacki-Welbourn syndicate, owned by Mr. Sohacki and Welbourn in Gary.

Mr. KENNEDY. What about the jukeboxes?

Mr. DUFFY. That is the H. A. Novelty Co.

Mr. KENNEDY. What about the pinball company?

Mr. DUFFY. The pinballs were also sold to Sohacki-Welbourn, the Star Supply Co.

Mr. KENNEDY. So they gained control.

Mr. DUFFY. They gained control.

Mr. KENNEDY. Mrs. Pauline Kotlarz, please.

Senator CHURCH. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. KOTLARZ. I do.

## TESTIMONY OF MRS. PAULINE KOTLARZ

Senator CHURCH. Please give the committee your name, your place of residence, and your occupation.

Mrs. KOTLARZ. Pauline Kotlarz, 4411 Baltimore Street, Hammond. I am a tavern owner.

Senator CHURCH. Mrs. Kotlarz, if you would, move up a little closer to the microphone; it will be easier for us to hear you.

Very well, Mr. Kennedy.

Mr. KENNEDY. Mrs. Kotlarz, you operate a tavern; is that correct?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. What is the name of it?

Mrs. KOTLARZ. Beer Port.

Mr. KENNEDY. The Beer Port Tavern. Is that the only tavern you have?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. How long have you had that?

Mrs. KOTLARZ. It will be 10 years in January.

Mr. KENNEDY. Formerly that was known as Blondie's Tavern; is that right?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. You were doing business at this tavern and had some pinball machines in there in 1955?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. Who did those pinball machines belong to?

Mrs. KOTLARZ. Hymie Goot.

Mr. KENNEDY. Mr. Goot?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. Did some individual come in and try to get you to take other machines?

Mrs. KOTLARZ. Some middle aged fellow came in and asked if I wanted a pinball there, and I said I had one. He said, "We have a better one," and I said, "We are satisfied," and he left.

Mr. KENNEDY. Just a man in plain clothes?

Mrs. KOTLARZ. Just ordinary, a shirt and plain clothes.



Mr. KENNEDY. Did you have another visit?

Mrs. KOTLARZ. Two or three weeks later I had another visit, from a man with khaki pants on and a belt with holster. And he said to get rid of the pinball and I said "Why"? And he said, "I told you to get rid of it."

He said, "If you don't, I will have you arrested." He said, "If you want one later, we will get you one," and he walked out.

Mr. KENNEDY. He said if you wanted one later on, he would get you one?

Mrs. KOTLARZ. Yes.

Mr. KENNEDY. He indicated that he had a machine?

Mrs. KOTLARZ. Well, I took it for granted, the way he said it.

Mr. KENNEDY. Did you get rid of this machine?

Mrs. KOTLARZ. No. I called Hymie Goot and asked what I should do.

Mr. KENNEDY. But he wanted you to get rid of that machine?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. And said he could get you another machine, is that right, when he came in there?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. Was this man later identified to you by name?

Mrs. KOTLARZ. Well, later he was as Conroy.

Mr. KENNEDY. As Walter Conroy?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. At that time when he came in he had a sheriff's uniform on?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. He had a holster and a belt and a badge; did he not?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. So what did you do after he came in and suggested you get rid of the machine?

Mrs. KOTLARZ. Well, after he left, I called up Hymie Goot and told him, and he said keep the pinball in there. So I did.

A couple of weeks later they came in and took it out, two fellows.

Mr. KENNEDY. Who came in?

Mrs. KOTLARZ. The same fellow supposed to be known as Conroy and some fellow known as the justice of the peace.

Mr. KENNEDY. Who was the justice of the peace at that time?

Mrs. KOTLARZ. He was supposed to know—Chronowski, or something.

Mr. KENNEDY. Chronowski?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. And he was the justice of the peace?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. And he and Conroy came in together?

Mrs. KOTLARZ. The two fellows came in and took the pinballs out while they stood around and then they left.

Mr. KENNEDY. Did they give you a receipt?

Mrs. KOTLARZ. Nothing at all.

Mr. KENNEDY. Did he tell you why he was taking the machine?

Mrs. KOTLARZ. Nothing at all.

Mr. KENNEDY. Did you ask any questions?

Mrs. KOTLARZ. No, sir.

Mr. KENNEDY. Why not?

Mrs. KOTLARZ. I know better than to ask questions.

Mr. KENNEDY. Did you get any other machines in there subsequently?

Mrs. KOTLARZ. Well, for a while I didn't get any after they took them out. Then sometime later I understood Hymie and then settled up somehow or another and they said it was all right to get one, so I got one later, 2 or 3 months later.

Mr. KENNEDY. Where did you get those machines?

Mrs. KOTLARZ. I don't know. I just asked some fellow to bring them in. The fellow next door had one, and some customer said we ought to have one, they liked to play it, so I told the fellow to bring one in.

Mr. KENNEDY. Do you know who owns the machines?

Mrs. KOTLARZ. No.

Mr. KENNEDY. Do you know up to this time who owns the machines?

Mrs. KOTLARZ. I still don't.

Mr. KENNEDY. Do you know the name of the collector?

Mrs. KOTLARZ. No.

Mr. KENNEDY. You just have the telephone number; is that right?

Mrs. KOTLARZ. That is all.

Mr. KENNEDY. You simply call a certain number if you want something done about the machine?

Mrs. KOTLARZ. That is right.

Mr. KENNEDY. And each year you get a Federal gambling stamp from the Federal Government?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. Out of the \$250, you contributed \$125; is that right?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. Do you still have those pinball machines?

Mrs. KOTLARZ. No. They were taken out a week ago.

Mr. KENNEDY. A week ago?

Mrs. KOTLARZ. Yes.

Mr. KENNEDY. Do you know for what reason they were taken out?

Mrs. KOTLARZ. Well, I guess for this investigation.

Mr. KENNEDY. Your partner in there was Bernard Kwiatkowski. We have an affidavit from him, identifying Mr. Conroy.

Senator CHURCH. I have here what appears to be an affidavit signed by Bernard Kwiatkowski, who was your partner in business?

Mrs. KOTLARZ. Right now, but he wasn't at the time that that happened.

Senator CHURCH. I see. I am going to ask that this be identified and we can include it in the record.

Mr. KENNEDY. Mr. Sinclair can.

Mr. SINCLAIR. Yes; I took this affidavit on May 14, 1959.

Senator CHURCH. The affidavit bears the signature of Mr. Kwiatkowski.

(The affidavit referred to follows:)

#### AFFIDAVIT

COUNTY OF LAKE,  
State of Indiana, ss:

I, Bernard Kwiatkowski, minor partner in the Beer Port Tavern located at 1211 150th Street, Hammond, Ind., formerly known as Blondie's Tavern and it

being located across the street from the Beer Port Tavern, Hammond, Ind., being duly sworn, depose and state:

I make this statement at the request of Richard G. Sinclair, known to me to be an investigator of the Senate Select Committee on Improper Activities in the Labor or Management Field. This statement is made of my own free will, without any promises of favor or immunity. I have been informed and realize that this statement may be read and used in a public hearing before the Senate Select Committee on Improper Activities in the Labor or Management Field, and swear that the statements contained herein are true.

I saw around the 1st of August 1955, Walter Conroy, chief investigator for the county prosecutor and former chief of police of East Chicago, Ind., who I know personally, at Blondie's Tavern. At the time, he was accompanied by Justice of Peace Peter Chronowski, of East Chicago. At the time Mrs. Kotlarz informed me that, "Well, that's the end of the pinball machines," or words to that effect.

I recall that the machine was loaded into a commercial moving van that belonged to the Ferree Moving & Storage Co. located on Calumet Avenue in Hammond, Ind.

(Signed) BERNARD KWIATKOWSKI.

Sworn and subscribed to before me this 14th day of May 1959.

[SEAL]

(s) MILDRED THOMAS, *Notary Public*.

My Commission expires March 5, 1961.

Mr. KENNEDY. Could I read the pertinent part of this, Mr. Chairman?

Senator CHURCH. Yes.

Mr. KENNEDY. It states:

I saw around the 1st of August 1955, Walter Conroy, chief investigator for the county prosecutor and former chief of police of East Chicago, Ind., who I know personally, at Blondie's Tavern. At the time, he was accompanied by Justice of Peace Peter Chronowski, of East Chicago. At the time Mrs. Kotlarz informed me that "Well, that's the end of the pinball machines" or words to that effect.

I recall that the machine was loaded into a commercial moving van that belonged to the Ferree Moving & Storage Co. located on Calumet Avenue in Hammond, Ind.

This is the way you were able to identify the gentleman who first came in who told you you had the wrong machines, told you he could replace them with the right machines, and subsequently picked up your machines?

Mrs. KOTLARZ. Yes, sir.

Mr. KENNEDY. A couple of months later they were replaced.

Mr. Sinclair, have we been able to identify to whom the machines belonged that replaced Mr. Goot's machines?

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Mr. SINCLAIR. Yes, sir; we have.

Mr. KENNEDY. Do they belong to Mr. Welbourn and Mr. Sobacki?

Mr. SINCLAIR. Yes.

Senator CHURCH. That is part of the syndicate?

Mr. SINCLAIR. Yes, sir.

Mr. KENNEDY. Mr. Chairman, I might say that we also subpoenaed Justice of the Peace Peter Chronowski, of East Chicago, to appear before the committee in connection with this matter as well as certain other matters. He is not here today.

Senator CHURCH. Senator, have you any questions?

Senator CAPELLART. No questions.

Senator CHURCH. Thank you very much, Mrs. Kotlarz, we appreciate your coming. Your testimony has been very helpful.

Mr. KENNEDY. Mr. Sinclair, have you made an investigation to find out what happened to these machines after they were picked up by the Ferree Moving & Storage Co., of Hammond, Ind.?

Mr. SINCLAIR. Yes; I have.

Mr. KENNEDY. Would you relate to the committee what we found out about that?

Mr. SINCLAIR. Yes.

Mr. KENNEDY. First, will you establish that they were in fact picked up by the Ferree Moving & Storage Co.?

Mr. SINCLAIR. They were in fact picked up by the Ferree Moving & Storage Co. on Calumet Avenue in Hammond, Ind., and the invoice or work order was made out in the name of Peter Chronowski, who is justice of the peace in East Chicago. He and Mr. Walter Conroy picked up machines on Saturday, July 30, 1955, at four locations. One location was on Calumet Avenue, Roby's Tavern on Calumet Avenue, Cousins' Tap at Calumet and Indianapolis, Blondie's, and also Ed & Paul's Sportsman's Club on Calumet Avenue.

All of these taverns are located in the same neighborhood.

Mr. KENNEDY. We have also made an investigation to determine what happened to these machines; have we not?

Mr. SINCLAIR. Yes; we have.

Mr. KENNEDY. Where did we find these machines?

Mr. SINCLAIR. These machines, on the afternoon that they were picked up, were placed in custody of the moving and storage company that furnished the vehicle that picked them up.

They remained there for 3 or 4 days, and they were removed from the storage company to the garage of Walter Conroy, who lives in East Chicago.

They are stored there at this time.

Mr. KENNEDY. These machines are now, as best we can find out, in Walter Conroy's garage; is that right?

Mr. SINCLAIR. That is right.

Mr. KENNEDY. Did we find other machines in Walter Conroy's garage?

Mr. SINCLAIR. Yes.

Mr. KENNEDY. How many machines?

Mr. SINCLAIR. We found 11 machines in all on location there. At the time we made the inspection of the premises, Mr. Conroy advised me that he had, over a period of 4 or 5 years, confiscated 36 machines in a similar way.

Mr. KENNEDY. Did he tell you what had happened to the rest of the machines?

Mr. SINCLAIR. He said that he had destroyed the rest of the machines.

Mr. KENNEDY. He only had 11 left?

Mr. SINCLAIR. Just 11 left.

Mr. KENNEDY. Mr. Chairman, could I have the invoice in connection with the Ferree Storage Co. identified?

Senator CHURCH. Can you identify this invoice, Mr. Sinclair?

(The document handed to the witness.)

Mr. SINCLAIR. This invoice made out to Pete Chronowski by the Ferree Storage & Van Co. was obtained from Mr. Ferree, and it shows that \$47.29 was paid for picking up pinball machines at five locations.

Senator CHURCH. This is the invoice that covered the machines on which you have just given testimony?

Mr. SINCLAIR. That is correct, sir.

Senator CHURCH. Without objection, it will be made exhibit No. 4.

(Document referred to was marked "Exhibit No. 4" for reference and may be found in the files of the select committee.)

Senator CHURCH. Exhibit No. 4 is for purposes of the record.

Mr. KENNEDY. Mr. Chairman, we also have an affidavit from Mr. Ferree. I don't think it is necessary to read it into the record, but it supports the testimony which has been given.

Senator CHURCH. I hand you what appears to be an affidavit of Mr. Jack Ferree, Mr. Sinclair. I wonder if you can identify it for purposes of the record.

(The document handed to the witness.)

Mr. SINCLAIR. Yes, Senator. I obtained this affidavit from Jack Ferree.

Senator CHURCH. Does it bear his signature?

Mr. SINCLAIR. It bears his signature. It is dated March 13, 1959.

Mr. Ferree drove the vehicle that Justice of the Peace Chronowski and Mr. Conroy used to pick up these pinball machines.

Senator CHURCH. The affidavit will speak for itself.

Without objection, it will be made a part of the record as exhibit No. 5.

(Affidavit referred to was marked "Exhibit No. 5" for reference and may be found in the files of the select committee.)

Senator CHURCH. Call your next witness.

Mr. KENNEDY. Nicholas Smaluk.

Senator CHURCH. Mr. Smaluk, will you raise your right hand, please?

You do solemnly swear that the testimony you will give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMALUK. I do.

### TESTIMONY OF NICHOLAS SMALUK

Senator CHURCH. Mr. Smaluk, will you please identify yourself by giving the committee your name, your place of residence, and your occupation?

Mr. SMALUK. My name is Nicholas Smaluk. I live at 1115 Indianapolis Boulevard, Hammod, Ind. I am a tavern owner.

Senator CHURCH. Thank you, Mr. Smaluk.

Mr. KENNEDY. Mr. Smaluk, in June of 1955, Mr. Herman Goot placed two pinball machines in your tavern; is that right?

Mr. SMALUK. Yes.

Mr. KENNEDY. After the machines were in service a short period of about 2 months, you were approached by a individual in connection with the machines?

Mr. SMALUK. Yes; I was.

Mr. KENNEDY. Would you relate to the committee what happened and who the individual was?

Mr. SMALUK. I didn't learn until later. I mean, he showed a badge which identified him from the prosecutor's office. I didn't learn what his name was until about 2 weeks later. I saw his picture in the paper. It was Walter Conroy.

But he came in. He was nice about it. He said he didn't want anything to happen to me; that he was after Herman Goot; that he wanted me to get the machines out; that he didn't want anything to happen to me from the machines. He just wanted them out.

Mr. KENNEDY. Did he say what could happen to you?

Mr. SMALUK. Well, he says that if he waited around long enough he can catch me paying off.

Mr. KENNEDY. Did he tell you that you should get a machine that wouldn't give you any trouble?

Mr. SMALUK. No; he didn't say anything about getting any other machine.

Mr. KENNEDY. He just told you you should get rid of those machines?

Mr. SMALUK. I should get rid of two machines of Hymie Goot.

Mr. KENNEDY. Had you been approached earlier than that by another individual?

Mr. SMALUK. No. I was approached—Walter Conroy was there Tuesday, and Wednesday night following there was a man came in and I had turned the machines off and they were not in operation at the time. He took a look at them and he says, "Would you like to have some machines that wouldn't give you any trouble?"

Well, I told him I was satisfied with the machines as of that time. He left.

Mr. KENNEDY. Then did Mr. Conroy come back?

Mr. SMALUK. Then Mr. Conroy came back Thursday, the next day. Well, he came Tuesday and then the gentleman came Wednesday evening, and then Conroy came back Thursday. He opened the door and he said that I should get those machines out by Friday or else he will come back and pick them up.

Mr. KENNEDY. Relate what happened.

Mr. SMALUK. Well, that is all. He just opened the door and he said, "I want these machines out by Friday or else I will come back and pick them up," which he did, Saturday.

Mr. KENNEDY. He came back and picked them up?

Mr. SMALUK. Yes; he came Saturday with another gentleman and the movers, and he just came right in and took them out.

Mr. KENNEDY. Did you hear anything further? Did he give you any writ, any order?

Mr. SMALUK. No; he didn't give me any writ or anything.

Mr. KENNEDY. Was anybody playing the machines?

Mr. SMALUK. No; he didn't serve me with a warrant, a writ.

Mr. KENNEDY. He just came and picked up the machines?

Mr. SMALUK. He just came right in. And he picked them up.

Mr. KENNEDY. Did you replace those machines with other machines?

Mr. SMALUK. Yes. Later on.

Mr. KENNEDY. About how much later?

Mr. SMALUK. I don't know. About a week later I saw Mr. Goot at a meeting and he told me that he had sold out to a different firm, and he gave me a telephone number to call in case I wanted machines.

Mr. KENNEDY. So you called?

Mr. SMALUK. I called, and I have never had any trouble then until now.

MR. KENNEDY. You got the machines from the Hammond Sales Co.?

MR. SMALUK. From Hammond Sales.

MR. KENNEDY. And you never had trouble after that?

MR. SMALUK. No.

MR. KENNEDY. Mr. Conroy never bothered you after that?

MR. SMALUK. Mr. Conroy never bothered me.

MR. KENNEDY. And the machines were the same kind you had operating before with Mr. Goot?

MR. SMALUK. Yes; the same type.

MR. KENNEDY. There was no more obvious gimmick of making a payoff on the old machines as there had been with Mr. Goot's machines, exactly the same type?

MR. SMALUK. Exactly the same type of machine.

MR. KENNEDY. Do you know why he bothered you before when you had Mr. Goot's machines, and didn't bother you when you had these other machines?

MR. SMALUK. No. Actually, I don't know personally, but from the rumors I have heard they just want to control the country, this one company.

MR. KENNEDY. And the public prosecutor's office, Mr. Holovachka's office, was behind it?

MR. SMALUK. Well, that is the rumors I have heard.

MR. KENNEDY. From your personal experience, you found that he did bother you?

MR. SMALUK. The investigator, the chief investigator, Walter Conroy, bothered me when I had Herman Goot's machines in.

MR. KENNEDY. And didn't bother you when you had the others?

MR. SMALUK. That is right.

MR. KENNEDY. That is all, Mr. Chairman.

Senator CHURCH. That is all. Thank you very much.

MR. KENNEDY. Mr. Charles Graven.

Senator CHURCH. Raise your right hand, please. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God.

MR. GRAVEN. I do.

#### TESTIMONY OF CHARLES GRAVEN

Senator CHURCH. Mr. Graven, would you identify yourself to the committee by giving us your name, your residence, and your occupation?

MR. GRAVEN. Charles Graven, 4528 Toll Street, Hammond, Ind. I am a tavern owner.

Senator CHURCH. You reside in Hammond, Ind., and you are a tavern owner?

MR. GRAVEN. Yes, sir.

MR. KENNEDY. Mr. Graven, you had Mr. Herman Goot's pinball machines in your tavern in 1955?

MR. GRAVEN. Yes, sir.

MR. KENNEDY. Some time in August 1955 did an individual come into your tavern who represented himself to be Walter Conroy?

MR. GRAVEN. Yes, sir.

Mr. KENNEDY. Of the county prosecutor's office in Lake County, Ind.?

Mr. GRAVEN. Yes, sir.

Mr. KENNEDY. What did he tell you at that time?

Mr. GRAVEN. The first time he walked in he told me that I had to get the machines out in a couple of days; and he came back later on, on Saturday, and he told me, "I see you still have them machines in here." Then he said some words I didn't like, so I told him if he couldn't come in and talk better than he did——

Mr. KENNEDY. He came back. He told you the first time you should get rid of the machines?

Mr. GRAVEN. Yes, sir.

Mr. KENNEDY. Then he came back the second time?

Mr. GRAVEN. Yes.

Mr. KENNEDY. What did he say to you? Would you explain to the committee what he said to you?

Mr. GRAVEN. That I had to get the machines out. He said some words that I didn't like, so I told him if he couldn't come in more respectable than he did, that he should get out.

Mr. KENNEDY. What happened then?

Mr. GRAVEN. Then he told me I was under arrest. I told him to wait until my partner gets down there so he could relieve me and I would go with him. My partner came and he took me in his car and went down to 119th Street.

Mr. KENNEDY. So he arrested you at that time?

Mr. GRAVEN. Yes, sir.

Mr. KENNEDY. Did he take the machines?

Mr. GRAVEN. Yes.

Mr. KENNEDY. He took the machines, too?

Mr. GRAVEN. Yes.

Mr. KENNEDY. Did he give you any writ or order?

Mr. GRAVEN. No; he didn't.

Mr. KENNEDY. Nothing from the court?

Mr. GRAVEN. No.

Mr. KENNEDY. He arrested you and took the machines?

Mr. GRAVEN. Yes.

Mr. KENNEDY. What happened then? You were put in the automobile with him?

Mr. GRAVEN. He took me down to 119th Street and Calumet Avenue. We sat there for a while and he didn't say a word to me. Then he told me OK, I can go back. He released me.

Mr. KENNEDY. He let you out of the car?

Mr. GRAVEN. Yes. He told me he would take me back to my business. I told him, "No; I see a friend of mine who has a car over here. I will go with him."

Mr. KENNEDY. So you got out of the car?

Mr. GRAVEN. Yes.

Mr. KENNEDY. He never booked you?

Mr. GRAVEN. No; he didn't.

Mr. KENNEDY. Did he tell you to forget about the whole matter?

Mr. GRAVEN. He told me to go back and not to say that I was booked.

Mr. KENNEDY. Did he ever place any charges against you?



Mr. GRAVEN. No; he didn't.

Mr. KENNEDY. Did he ever place any charges against you for the operations of the machine?

Mr. GRAVEN. No; he didn't.

Mr. KENNEDY. Did you get machines to replace them?

Mr. GRAVEN. Yes, later on.

Mr. KENNEDY. How did you happen to get those machines?

Mr. GRAVEN. By a telephone number.

Mr. KENNEDY. Somebody gave you a telephone number?

Mr. GRAVEN. Yes.

Mr. KENNEDY. They told you you could get machines from this company and it would be the right company?

Mr. GRAVEN. Just to give that number. That is the number I know.

Mr. KENNEDY. And you called the number and got machines?

Mr. GRAVEN. Yes.

Mr. KENNEDY. Were they ever bothered then?

Mr. GRAVEN. No; they wasn't.

Mr. KENNEDY. Are they operating at the present time?

Mr. GRAVEN. No.

Mr. KENNEDY. Have they been closed down?

Mr. GRAVEN. They have been closed down.

Mr. KENNEDY. About a week ago?

Mr. GRAVEN. About a week ago.

Mr. KENNEDY. Do you know what the reason was they were closed down?

Mr. GRAVEN. No; I don't. I just saw in the paper that the prosecutor wanted them down.

Mr. KENNEDY. Mr. Holavachka?

Mr. GRAVEN. No. Mr. Vance.

Mr. KENNEDY. Do you know the explanation as to why you were allowed to have these machines and you weren't allowed to have Mr. Goot's machines?

Mr. GRAVEN. No; I don't.

Mr. KENNEDY. Do you understand, or was it generally understood in the county, that Mr. Holovachka, the county prosecutor's office, was behind one company?

Mr. GRAVEN. I guess it was. I don't know.

Mr. KENNEDY. There was no difference between the two kinds of machines?

Mr. GRAVEN. No; they are the same.

Mr. KENNEDY. They are both gambling types of equipment?

Mr. GRAVEN. The same.

Mr. KENNEDY. They are both paying off?

Mr. GRAVEN. No; it was free games.

Mr. KENNEDY. If you didn't take the free games, you could get some money.

Mr. GRAVEN. No; free games; that is all.

Mr. KENNEDY. But if you didn't get the free games, you could get money; could you not?

Mr. GRAVEN. It was all free games they was paying off on.

Mr. KENNEDY. If you didn't take the free games, as a general proposition, I wouldn't ask you specifically on yours, but if you didn't get the free games, you could get money instead; is that correct?

Mr. GRAVEN. I didn't say anything like that. I said just free games.

Mr. KENNEDY. You don't know anything about anybody getting money instead of the free games?

Mr. GRAVEN. Just free games.

Mr. KENNEDY. Don't you know if you don't get the free games, you could get money instead?

Mr. GRAVEN. No.

Mr. KENNEDY. You never heard of that?

Mr. GRAVEN. I heard of it.

Mr. KENNEDY. You know that took place in your tavern?

Mr. GRAVEN. Yes.

Senator CHURCH. Senator?

Senator CAPEHART. No questions.

Senator CHURCH. This is just the same story that the other witnesses told, is it not?

Mr. GRAVEN. Yes.

Senator CHURCH. The story of having Mr. Goot's machines and the law comes along and the law takes the machines out, doesn't it?

Mr. GRAVEN. Yes.

Senator CHURCH. Then you are told one way or another that you can have the machines back or machines like them back if you call a certain number.

Mr. GRAVEN. That is right.

Senator CHURCH. So you call that number, you don't know who you are dealing with, the machines come back and after that you don't have any more trouble with the law.

Mr. GRAVEN. No.

Senator CHURCH. Did the machines you have in your tavern have a Federal gambling stamp?

Mr. GRAVEN. Yes.

Senator CHURCH. Do you pay the \$250 annually?

Mr. GRAVEN. Yes, sir.

Senator CHURCH. I have no further questions.

Thank you very much, Mr. Graven.

Mr. KENNEDY. Edward Matuska.

Senator CHURCH. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MATUSKA. I do.

#### TESTIMONY OF EDWARD MATUSKA

Senator CHURCH. Would you please give your name, your residence, and your occupation, Mr. Matuska?

Mr. MATUSKA. My name is Edward Matuska. I am a part owner of a restaurant, also licensed as a tavern. I reside at 1517 Park View, in Hammond, Ind.

Senator CHURCH. Thank you. Mr. Kennedy?

Mr. KENNEDY. Mr. Matuska, originally there were no pinballs around; is that correct?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. And earlier the machines that were being used in the Lake County area, in the area that you operated, were all amusement-type machines?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. Then in came these gambling-type pinball machines?

Mr. MATUSKA. Yes.

Mr. KENNEDY. In order to compete, you had installed in your tavern a pinball machine; is that right?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. In fact, you had two of them, installed in there by Mr. Matt Pohl.

Mr. MATUSKA. That is correct.

Mr. KENNEDY. Shortly after the machines were installed, did you have a visit from the county prosecutor's office?

Mr. MATUSKA. Yes; very shortly, a man who identified himself as Walter Conroy. He came into my place of business and told me that this particular type of machine was illegal, and that we had been turned in because we had made a payoff on the replay system.

Mr. KENNEDY. Relate what you said to him.

Mr. MATUSKA. At that particular time, I didn't know exactly what to do. I most certainly didn't like his attitude when he came into my place, and felt that he wasn't authorized to give me an order that way. He showed me no writ. So I allowed the machines to go on as before.

Mr. KENNEDY. Did you point out to him that there were machines operating all around in that area?

Mr. MATUSKA. Yes; certainly.

Mr. KENNEDY. What did he say about that?

Mr. MATUSKA. I don't recall.

Mr. KENNEDY. So, anyway, you didn't do anything about it. Then he came back and visited you a second time?

Mr. MATUSKA. A second time, perhaps a day or two later. Again he indicated to me that I had made some payoff, and that I should turn off the machines and have them removed, which I didn't do again. In the meantime, Matt Pohl, the gentleman who owned the machines at our particular location, came in.

I don't know his reason for doing it, but he removed the machines. I suppose he had some order to that effect. He removed the machines and we placed the syndicate machines in their place.

Mr. KENNEDY. You got the new kind of machines?

Mr. MATUSKA. That is right.

Mr. KENNEDY. Syndicate machines in immediately?

Mr. MATUSKA. Well, it wasn't a new machine. It was basically the same machine, but by another company.

Mr. KENNEDY. Did you understand that this company would be allowed to operate?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. So immediately after, and this is of some importance, immediately after the removal of Mr. Pohl's machines, you replaced them within a few hours?

Mr. MATUSKA. Perhaps a few hours, a day; I don't recall.

Mr. KENNEDY. You replaced them with the syndicate machines?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. But in the last conversation you had with Mr. Conroy, it was that you were not going to remove the machines?

Mr. MATUSKA. That is right.

Mr. KENNEDY. Relate what happened the following day.

Mr. MATUSKA. Yes. I told him that I would not remove the machines. They were picked up by Matt Pohl, the owner of the machines. So apparently orders had been issued to Mr. Conroy to pick up these machines that were Matt Pohl's. But since they had already been changed, the machines were picked up, I believe it was, that Saturday, machines were picked up and confiscated by Mr. Conroy that belonged to the syndicate.

Mr. KENNEDY. That was Saturday?

Mr. MATUSKA. That is correct.

Mr. KENNEDY. The following day, after you had gotten the syndicate machines, or about the following day?

Mr. MATUSKA. The following day was Sunday and, of course, we are closed in Indiana.

Mr. KENNEDY. But I mean the day after you got the syndicate machines in, and a couple of days after you had had the visit from Conroy, the truck pulled up and confiscated your machines?

Mr. MATUSKA. That is right.

Mr. KENNEDY. But instead of confiscating Pohl's machines, which had already been removed, they confiscated the syndicate machines?

Mr. MATUSKA. That is right; their own machines.

Mr. KENNEDY. Did you have a conversation with the representative of the syndicate?

Mr. MATUSKA. Yes; and he said there was probably some mistake, and that he would have it checked into. Subsequently, a very short time later, new machines were again placed in the location.

Mr. KENNEDY. Was that the following Monday?

Mr. MATUSKA. I don't recall. It was within a day or two.

Mr. KENNEDY. The machines were replaced?

Mr. MATUSKA. Yes.

Mr. KENNEDY. Did you ever have any trouble with Mr. Conroy after that?

Mr. MATUSKA. Never.

Mr. KENNEDY. He never got in touch with you again?

Mr. MATUSKA. Never.

Mr. KENNEDY. There was no question in your mind that the public prosecutor's office under Mr. Holovachka, and with Mr. Conroy, was working hand and glove with the syndicate operation?

Mr. MATUSKA. Well, Mr. Holovachka, I don't know. But, of course, Mr. Conroy, who identified himself out of the prosecutor's office—there was no doubt in my mind. But I heard rumors to the effect, but I can't substantiate them. I never had any contact with Mr. Holovachka.

Senator CHURCH. I have no questions. Senator Capehart?

Senator CAPEHART. No questions.

Senator CHURCH. Thank you very much, Mr. Matuska. Your testimony has been very helpful.

Mr. KENNEDY. Mr. Matt Pohl.

Senator CHURCH. Mr. Pohl, do you solemnly swear that the testimony you will give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. POHL. I do.

## TESTIMONY OF MATT POHL

Senator CHURCH. Identify yourself for the committee by giving us your name, your occupation, and your present residence.

Mr. POHL. My name is Matt Pohl. I live at 6738 Alcott Avenue, Hammond, Ind. I am a jukebox operator.

Senator CHURCH. Thank you. Mr. Kennedy?

Mr. KENNEDY. Mr. Pohl, you have been in the business since 1948; is that right?

Mr. POHL. That is right.

Mr. KENNEDY. You were one of those who formed a union under Mr. Testo?

Mr. POHL. I didn't form it. I was one of the members.

Mr. KENNEDY. One of the original members?

Mr. POHL. Yes.

Mr. KENNEDY. You owned the Bluebird & Calumet Music Co., in Hammond, Ind.?

Mr. POHL. That is right.

Mr. KENNEDY. And you were also secretary-treasurer of the association in Gary, Ind.; is that right?

Mr. POHL. That is right.

Mr. KENNEDY. You owned the pinball machines that were confiscated at Ed Matuska's location by the county prosecutor's office?

Mr. POHL. That is right. Correct.

Mr. KENNEDY. Did you find the situation that the public prosecutor's office was being used to help and assist one company?

Mr. POHL. Well, directly, I don't know.

Mr. KENNEDY. From what was related to you, from what you understood from being in the business?

Mr. POHL. That is right.

Mr. KENNEDY. What was the situation?

Mr. POHL. Well, in that particular case there, Ed and Paul's Tavern called me up after I had had those machines in there for 2 or 3 weeks, a very short period. They told me that someone was over there from the sheriff's office. I said, "Oh, don't mind it. We will see what happens." A couple of days later he called again and said, "Look, the man from the prosecutor's office was here. You better get them out."

"Yes," I said, "I think we better. Why give you any trouble. I don't want no trouble and you don't want any trouble. I will be over there."

So I stopped in there, I think it was on Wednesday evening, and I talked it over with him. He said, "Well, I hate to throw you out. I am not throwing you out, but let's see what we can do about it."

I said, "The best thing for me to do is take them out." So Thursday morning I pulled up with the station wagon, packed up the two machines and took them to Chicago and cashed them in. They were almost new—only 3 weeks old. But while I was on my way to Chicago with the machines, I stopped at another place, and I got the telephone number of another pinball machine, their service number.

I called them up and told them Ed and Paul's Tavern is ready for some pinball machines, the other machines are out. So they said, "OK." So the next day they had pinball machines in there.

Mr. KENNEDY. Why were they allowed to operate and you weren't?

Mr. POHL. Well, they told him—I mean Ed and Paul's Tavern told me that it was illegal.

Mr. KENNEDY. Why were they allowed to have machines there?

Mr. POHL. I have no idea.

Mr. KENNEDY. What did you understand? Did you ever inquire?

Mr. POHL. Well, later on I began to smarten up, I guess, or whatever you call it. There must have been some power behind it. I never spoke to any of those politicians.

Mr. KENNEDY. Did you ever inquire from any of them?

Mr. POHL. No.

Mr. KENNEDY. Did you find that the other independent operators in the Lake County area were also being put out of business in the same way?

Mr. POHL. Yes, sir.

Mr. KENNEDY. Are any of the independent operators active at the present time, now?

Mr. POHL. In pinballs?

Mr. KENNEDY. Yes.

Mr. POHL. No, not that I know of.

Mr. KENNEDY. Just the syndicate?

Mr. POHL. That is right.

Senator CHURCH. They have all been run out?

Mr. POHL. Yes.

Mr. KENNEDY. Did you ever hear of any of the syndicate machines being bothered?

Mr. POHL. I beg your pardon?

Mr. KENNEDY. Did you ever hear of any of the syndicate machines being bothered?

Mr. POHL. Never.

Mr. KENNEDY. So they would harass and raid the machines of the independent operators, the public prosecutor's office, Mr. Holovachka, and Mr. Conroy who works for Mr. Holovachka, but yet wouldn't bother any of the syndicate machines?

Mr. POHL. That is right.

Mr. KENNEDY. What about your jukeboxes? Can you put your jukeboxes in locations now, in new locations?

Mr. POHL. Yes.

Mr. KENNEDY. Can you place them in new locations?

Mr. POHL. Yes; if I don't have too rough competition.

Mr. KENNEDY. Do you have any of the difficulty in the jukebox business?

Mr. POHL. Well, not as bad as the pinballs.

Mr. KENNEDY. Did some of your competition in the jukebox seem to have unlimited sources of cash?

Mr. POHL. That is for certain.

Mr. KENNEDY. Do you know who is behind the jukeboxes?

Mr. POHL. Well, H. & A. Novelty Co. is the one that we have the toughest job to contend with.

Mr. KENNEDY. There is no question that these pinball machines were gambling equipment; is there?

Mr. POHL. Well, that is what they say. They must be.

Mr. KENNEDY. And H. & A. Novelty, as we have identified it, is part of the syndicate operation.

That is all.

Senator CHURCH. I have no further questions.

I want to express the appreciation of the committee for your coming and for your testimony.

The Chair wants to observe that the testimony this afternoon tends to bear out what oftentimes has proved to be the case, that rackets are underway in many places in this country in connivance with the local law enforcement people. All the evidence this afternoon would certainly point in that direction in the present case.

Certainly, we are not going to be able to reach down and eliminate this vicious racketeering in the United States unless the people of the country elect and insist upon honest and industrious law enforcement people in their local communities.

If we assume that this whole matter can be solved by Congress passing a law, we are only fooling ourselves, because the Federal law cannot begin to be complete enough to give an effective remedy in this whole area.

I do feel, however, that where the pinball machine is concerned, there is a device by which the Federal Government could do much to eliminate this kind of racketeering, because in this instance we can reach the machine itself simply by tightening up the Federal law applicable to the illicit traffic of gambling devices in interstate commerce. That is what I hope to do in introducing a bill that will make these kind of machines, the kind that we have been dealing with in the course of this testimony these past 2 days, illegal under the Federal law, and thus, outlaw them from interstate commerce.

This will do much to eliminate them, and through their elimination we can at least make headway toward clearing up this particular kind of racket.

Senator Capehart, is there anything you would like to add?

Senator CAPEHART. I might say in conjunction with what you have just said in respect to cleaning it up, I think the observation should be made that the record of this committee has proven that wherever one party predominates to the extent of almost extinction of the other, that this sort of thing thrives in a big way.

In other words, where you have one party that predominates and consistently over the years elects their people, you have this sort of situation. I think that has been proven in New York, Chicago, in Lake County, and in other places.

I think if there is any lesson to be drawn from this, it is that people ought not to consistently elect members of the same party as they do over the years, because the record, I think, proves conclusively that we have more of this sort of thing in those communities and cities where one party predominates.

Senator CHURCH. The committee will be in recess until 10:30 tomorrow morning.

(Members of the select committee present at time of recess: Senators Church and Capehart.)

(Whereupon, at 3:20 p.m. the select committee recessed, to reconvene at 10:30 a.m., Thursday, June 4, 1959.)





# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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THURSDAY, JUNE 4, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10:30 a.m., pursuant to Senate resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Karl E. Mundt (vice chairman of the select committee), presiding.

Present: Senator Karl E. Mundt, Republican, South Dakota; Senator Homer E. Capehart, Republican, Indiana; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

Senator MUNDT. The committee will be in order.

(Members of the select committee present at time of convening: Senators Mundt and Capehart.)

Senator MUNDT. Counsel will call the first witness.

Mr. KENNEDY. Mr. Chairman, I would like to call two witnesses, Mr. Sohacki and Mr. Welbourn.

Senator MUNDT. Will you stand and be sworn, please? Raise your right hand.

Do you and each of you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SOHACKI. I do.

Mr. WELBOURN. I do.

## TESTIMONY OF STEVEN D. SOHACKI AND GEORGE W. WELBOURN

Senator MUNDT. Will you identify yourself, the gentleman on my right?

Mr. SOHACKI. My name is Steven Sohacki, and I live at 4660 Van Buren Street, Gary, Ind.

Senator MUNDT. What business or occupation do you have?

Mr. SOHACKI. I respectfully decline to answer under the fifth amendment of the Constitution of the United States on the ground that my answer may tend to incriminate me.

Senator MUNDT. How about you? What is your name and address and what is your occupation?

Mr. WELBOURN. My name is George Welbourn. I live at 590 Broadway, Gary, Ind.

Senator MUNDT. Go right ahead.

Mr. WELBOURN. That is it.

Senator MUNDT. What is your business or occupation?

Mr. WELBOURN. I respectfully decline to answer under the fifth amendment of the Constitution of the United States on the ground that the answer may tend to incriminate me.

Senator MUNDT. Do you have a lawyer representing you here today?

Mr. WHEALAN. Yes, I am an attorney.

Senator MUNDT. Mr. Welbourn, will you identify your attorney? What is his name?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. If you are in that bad shape, you had better get another lawyer, if you refuse to identify your counsel because you might incriminate yourself.

I will ask that question again. Do you have a lawyer, and if so, who is he?

Mr. WHEALAN. May I answer?

Senator MUNDT. No, sir; I am asking the witness. He can plead the fifth amendment about his lawyer if he wants to, and that is his business.

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. You understand the question I am asking you whether you have a lawyer and, if so, whether you care to identify him. You are telling the committee that if you identify your lawyer you might be incriminated. Certainly that is not much of a recommendation for your lawyer.

How about this gentleman on my right? Do you have a lawyer?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator MUNDT. All right. Counsel may proceed with the questions, and if you do not have a lawyer or if you have one you are ashamed of, that is up to you.

Mr. KENNEDY. Mr. Chairman, we have called these two individuals, Mr. Sohacki and Mr. Welbourn, because of the operations that we have developed during the hearings of the last couple of days in connection with their operations of pinballs in the Gary and Lake County area.

We have developed the first day that this operation that was introduced into Gary, Ind., in about 1953 and 1954, brought about the ultimate dissolution of the local union that was operating in the coin-machine field, local No. 1 of Mr. John Testo. We would like to ask Mr. Sohacki and Mr. Welbourn how it came about that they did not make any arrangement or have any contract with local No. 1 of Mr. John Testo's union.

I would like to address that question to Mr. Sohacki. Could you tell us what it was or whether you had any conversations originally with Mr. John Testo in connection with signing up with his union?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Was it decided by you and Mr. Welbourn that it would be better for your operations if you had no union and if you brought about the destruction of the union?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Did you also decide in order to make this possible that you had to have the help and assistance of a representative of the public prosecutor's office?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Specifically, did you go to Mr. Holovachka and obtain his help and assistance in destroying the union and getting a monopoly control over the pinballs in the Lake County area?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that during the days of the public prosecutor during 1948 and 1949 and 1950, prior to the time that Lake County was cleaned up in 1951, and a new public prosecutor came in, that you were making periodic payments to certain government officials at that time in order to run slot machines in Lake County?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator MUNDT. Are you able to deny that you were making payoffs to the law?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. I would like to call Mr. Duffy to explain the basis of my question in connection with what he was doing during the earlier regime, if I could.

Senator MUNDT. You have been sworn.

#### TESTIMONY OF LAVERN J. DUFFY—Resumed

Mr. DUFFY. In 1949 there was a murder in Gary, Ind., and Miss Mary Cheever, a schoolteacher, was murdered and this is the period of time that Gary, Ind., was a very bad situation as far as vice and gambling was concerned.

A local group of women got up in arms and wanted something done about this, so through the cooperation of the Gary Crime Commission, they were able to place a microphone in the office of the county prosecutor, who was Mr. Swartz, Ben Swartz, and his deputy prosecutor was Mr. Blaze Lucas.

During the course of this period when they had this microphone in the office they were able to establish a large amount of evidence to show that Mr. Swartz and Mr. Lucas were corrupt. Ultimately they were removed from office.

During this period they found that Mr. Sohacki had been mentioned on the tapes in Mr. Blaze Lucas' conversations and they found that Mr. Sohacki had been making contributions to Mr. Swartz to allow his slot machines to remain in the outside area of Gary, and he had been making payments to Mr. Swartz during this period.

Mr. KENNEDY. It was definitely established, therefore, that these payments were being made by Mr. Sohacki, during this earlier regime?

Mr. DUFFY. Yes; and this is a public record.

Mr. KENNEDY. Could we have that introduced, Mr. Chairman?

Senator MUNDT. Yes; that may be made a part of the record at this point, and marked with its appropriate exhibit number, No. 6.

(Document referred to was marked "Exhibit No. 6" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Mr. Duffy, would you bring up what happened after that, just briefly, the history of what the situation was?

Mr. DUFFY. Then Mr. Sohacki got into the pinball business after he got out of the slot-machine business, and he had the Universal Sales Co. in 1952 and he sold it to Mr. Welbourn for \$25,000. Then Mr. Welbourn in 1953 reported on his tax returns, I think, close to \$133,000 revenue from the pinball operations, and in January of 1954 he sold his pinball operation and took Mr. Sohacki in partnership with him and from then on they flooded the area with gambling machines.

Mr. KENNEDY. What about the public prosecutor? He was removed from office in 1950?

Mr. DUFFY. He was removed from office and then Mr. Dave Stanton came in and he tried to clean up the area and he did to a certain degree, and he was voted out of office in 1952 and Mr. Holovachka took over.

Mr. KENNEDY. And then the same system has been reintroduced since Mr. Holovachka came in?

Mr. DUFFY. A very similar situation exists today.

Senator MUNDT. A similar situation to that which prevailed before the cleanup campaign got underway; you mean?

Mr. DUFFY. Yes, Senator.

Senator MUNDT. So that things are now about as bad as they were before the reform element tried to clean it up?

Mr. DUFFY. We feel that they are.

## TESTIMONY OF STEVEN D. SOHACKI AND GEORGE W. WELBOURN—

### Resumed

Mr. KENNEDY. Mr. Sohacki, are you making payments to Mr. Metro Holovachka for the operation of your pinballs in the Lake County area?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn, are you making payments to Mr. Metro Holovachka for the operation of the pinballs in the Lake County area?

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Now, in 1955, each one of you declared on your income tax returns that you provided to the committee, \$424,000 apiece as net income. Did part or any of that go to Mr. Metro Holovachka, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Did any of this money go to Mr. Metro Holovachka, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Would you furnish to the committee the sites of your various pinballs in the Lake County area? We still haven't been able to get that information. Could you give us that information?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn, would you furnish that information?

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Now, would you give us the collection records in connection with your pinball operations, Mr. Welbourn? We still haven't been able to get that information.

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Would you give us that information, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Was any money taken out of those collection records and, in other words, "off the top," in order to make any payments to Mr. Metro Holovachka, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Now, for instance, was any of the money used or given to Mr. Holovachka so that he could do some work on his home in 1955 and 1956, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, would it be all right if I call Mr. Sinclair in connection with the payments that were made on this?

Senator MUNDT. Will Mr. Sinclair take the chair at the end of the table, please? Have you been sworn in this case, Mr. Sinclair?

Mr. SINCLAIR. Yes; I have.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Senator MUNDT. Counsel will proceed.

Mr. KENNEDY. We are not going at this time into detail in connection with what we have found out financially regarding Mr. Holovachka's operations, Mr. Sinclair, but in connection just with his home.

Could you tell us what the records reveal as far as cash payments that were made by Mr. Holovachka in connection with the work that was done on his home in 1955 and 1956? First, would you describe what work was done?

Mr. SINCLAIR. We have found that in 1955, in the middle summer of 1955, Mr. Holovachka constructed a new home on the side of Lake Michigan in the Miller section of Gary.

Mr. KENNEDY. At this time he was public prosecutor; is that right?

Mr. SINCLAIR. He was county prosecutor.

Mr. KENNEDY. What was his salary as county prosecutor?

Mr. SINCLAIR. His salary was \$12,000 a year.

Mr. KENNEDY. That was paid by check?

Mr. SINCLAIR. That was paid—I am not certain, Mr. Kennedy. The cash payments made during the period July 1 to November 18, 1955, in small bills, \$10's and \$20's, in circulated condition, was \$27,650 for the purchase and construction of this home.

Mr. KENNEDY. What dates was that again?

Mr. SINCLAIR. That was July 1, 1955, to November 18, 1955.

Mr. KENNEDY. That was by Mr. Holovachka?

Mr. SINCLAIR. Mr. Holovachka personally made these payments.

Mr. KENNEDY. What was the total amount?

Mr. SINCLAIR. The total amount was \$27,650.

Mr. KENNEDY. That was all in \$10's and \$20's?

Mr. SINCLAIR. Yes; in circulated condition.

Mr. KENNEDY. Was there any other money spent on his home?

Mr. SINCLAIR. During 1956, the period February 11 to July 20, \$13,500 was paid.

Mr. KENNEDY. Was that by check or cash?

Mr. SINCLAIR. All of these payments were made in cash.

Mr. KENNEDY. What kind of bills were they?

Mr. SINCLAIR. The majority of it was made in \$20's and \$10's in circulated condition.

Mr. KENNEDY. Were there any other payments?

Mr. SINCLAIR. There were other payments, but not during this period.

Mr. KENNEDY. Were there any other payments made in the form of cash?

Mr. SINCLAIR. No, sir; not on this.

Mr. KENNEDY. What is the total, then, that was paid?

Mr. SINCLAIR. The total paid was \$43,599.46.

Mr. KENNEDY. That was paid to the contractors that did the work?

Mr. SINCLAIR. That was paid to the prime contractor and to subcontractors.

Mr. KENNEDY. Would you give the specific dates and the amounts that were paid, please?

Mr. SINCLAIR. July 1, 1955, \$4,500 was paid to George Drag, who did the masonry work and roofing work and interior finish work and he did all of the work on the home except the landscaping, the electrical work, and the plumbing and heating.

Mr. KENNEDY. What bills were they, the \$4,500?

Mr. SINCLAIR. They were in \$20's.

On July 15, 1955, \$5,500 was paid to Mr. George Drag and his son in \$10's and \$20's. On September 29, 1955, \$5,000 was paid to this contract in \$20 bills. October 7, 1955, \$5,000 was paid in \$20 bills. On November 20, 1955, \$5,000 of cash in \$20 bills.

Now, on August 23, 1955, \$1,000 was paid to the Continental Electric Co. as a downpayment on the electrical work done on this home, and it was in small bills, with the bank wrapping on them.

On September 21, 1955, the initial payment was made to the Central Plumbing & Heating Co. at \$1,650 in small bills. That represents the payments made during 1955.

In 1956 Mr. George Drag, on February 11, received \$5,000 in small bills from Mr. Holovachka. On April 13, 1956, he received \$4,500 in small bills. That is \$20 bills or less, from Mr. Holovachka.

On May 28, 1956, \$1,500 was paid in small circulated bills. On July 20, 1956, \$1,035 in small bills was paid which was the final payment for all work done by George Drag on this one piece of property of Mr. Holovachka.

Now, to Central Plumbing & Heating, the heating subcontractor and plumbing subcontractor, \$1,001 was paid March 2, 1956, in small bills. On May 28, \$500 was paid in cash.

Mr. KENNEDY. On summary, that is about \$41,000 in a period of about 12 months; is that right? And another \$1,500 or so in December of 1956?

Mr. SINCLAIR. In December of 1956, \$1,718 was paid in cash.

Mr. KENNEDY. So it is about \$41,000 in cash in small bills, \$10's and \$20's, for the work done on his home over a period of approximately a year, and then added to that there is another some \$1,700 which brings the total up to about \$43,000 in cash.

Mr. SINCLAIR. That is right.

Mr. KENNEDY. That, of course, is not the complete story by any means, as far as the cash payments of Mr. Holovachka during the period of time that he was public prosecutor, but we will be going into that at a later time.

Mr. SINCLAIR. Yes, sir.

Mr. KENNEDY. Do you have pictures there of his home?

Mr. SINCLAIR. Yes; we do have pictures taken of his home. The home that he built in 1950 partly conceals the view in one of these pictures, but we have a full-faced picture of it taken later on.

Mr. KENNEDY. Would you describe what the homes are? You have a small home in the front and then a larger house.

Mr. SINCLAIR. The small preconstructed Cooper house was constructed in 1950 for Mr. Holovachka by the Cooper Homes Corp., for \$11,700. The larger home which is reported to have a value of approximately \$80,000, is the home that he constructed in 1955.

Mr. KENNEDY. And that is where these payments were used on the larger home?

Mr. SINCLAIR. Yes, sir.

Mr. KENNEDY. We have requested, have we not, of Mr. Holovachka, an explanation as to where these sums of cash came from?

Mr. SINCLAIR. Mr. Holovachka has consistently refused to furnish us the source of this cash.

#### TESTIMONY OF STEVEN D. SOHACKI AND GEORGE W. WELBOURN— Resumed

Mr. KENNEDY. Did any of that money come from you, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Welbourn, did any of that money come from you?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Would you relate to the committee how you were able to get a monopoly over the pinball machines in the Lake County area, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Would you tell us, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Mr. Welbourn, did you have to split your income with anybody else except this particular prosecutor?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. How about you, Mr. Sohacki, did you have to split this take with anybody else except the public prosecutor?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. How about you, Mr. Welbourn, in case you were the bag man. Did you make any payments in bills bigger than \$20?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. It cannot incriminate you if you are able to say no. Are you able to say no?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. How about you, Mr. Sohacki? Can you search your conscience and say no?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. You wouldn't blame this committee in assuming that the answer must be "Yes," then, would you?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Go ahead, Mr. Counsel.

Mr. KENNEDY. Mr. Sohacki, do you know Mr. Chronowski, Peter Chronowski?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell the committee why you have been in contact with Mr. Peter Chronowski, the justice of the peace in Hammond, Ind.?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. He is justice of the peace in East Chicago.

Would you tell the committee why you have been in touch with him? Or why you have been in touch with Mr. Conroy, of the public prosecutor's office?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Conroy is the one who conducted the raids against your competitors with Mr. Chronowski. Is that the reason that you were calling them, to tell them where your competitors had machines so that they could go around and pick them up?



Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Is that correct, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. According to the testimony before the committee, you own the building in which the U.S. post office is located. Is that correct, Mr. Sohacki?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And you purchased the building with the money that you gained from the pinballs?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. And you receive monthly rent of some \$490 from the U.S. Government; is that right?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Is that correct, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Sohacki, you have a radio station in Gary, Ind.; do you not?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. What is that used for?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. That radio station has a code; does it not? Would you tell us what the code is?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Would you tell us, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. If you have a radio station, Mr. Sohacki, you must have a license from the FCC. Do you have a license from the FCC?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Let me ask you this question: Do you have a license from the FCC to operate a radio station? If you don't, and if you are operating a radio station, or if you are concealing that fact—just a minute.

I will ask this gentleman, the stranger to the left, to sit back a little ways. I don't know who you are, but you can't interfere with the witnesses unless you have some status in the committee.

Mr. WHEALAN. I am the attorney.

Senator MUNDT. You have no status as long as they deny the fact you are the attorney, sir. I don't know whether you are the attorney or not.

I asked them whether they had an attorney and they refused to answer. They are entitled to an attorney of their own choice.

But we can't let volunteers pop up around the audience and say they are attorneys for anybody.

You will have to sit back a little way unless you are their attorney. If you are their attorney, that is up to them and not up to you.

Please sit back with the audience.

Mr. WHELAN. Do you wish me to move back?

Senator MUNDT. Move back a few steps. I have no way in the world of telling whether you are an attorney or not because they denied the fact.

Now, sir, I want to find out about this radio station because you are getting into Federal business now. You either have a license to operate a Federal radio station or you do not.

If you do, we want to know about it. If you do not and you are operating a radio station, I want you to go to jail for violating the law. We have had enough of this tomfoolery.

I am asking you: Do you have a license to operate a radio station; yes or no?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Do you operate a radio station?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. I can assure you this committee is going to find out, and if the FCC has granted a license to a man who is unwilling to admit he has a license, if he is concealing facts of that kind from the committee, I think that license should be speedily revoked.

This Government does not want radio licenses to operate stations to go to criminals. I will give you one more chance.

Do you have a Federal license to operate a radio station?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Now about you, Mr. Welbourn?

Mr. WELBOURN. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. If you have a station, and you have a license, I can assure you this committee will do everything it can to be sure that you no longer have a license or a station.

You know whether you have one or not. I do not know.

Are there any other questions, Mr. Counsel?

Mr. KENNEDY. That is all, Mr. Chairman.

Senator CAPEHART. Mr. Chairman?

Senator MUNDT. Senator Capehart.

Senator CAPEHART. Is it your intention to answer all questions as you have been answering them regardless of what I might ask you? In other words, do you intend to take the fifth amendment to any questions I might ask?

Mr. SOHACKI. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator CAPEHART. That is all, Mr. Chairman.

Senator MUNDT. You may step aside.

Commissioner Doerfer of the Federal Communications Commission will come up as the next witness.

Be sworn.

Do you solemnly swear that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DOERFER. I do.

### TESTIMONY OF JOHN C. DOERFER

Senator MUNDT. For the record, please tell the committee your name, your address, and your occupation.

Mr. DOERFER. My name is John C. Doerfer; I reside at 9424 Locust Hill Road, Bethesda, Md. I am presently Chairman of the Federal Communications Commission, being appointed in 1953. My term expires in 1961.

Senator MUNDT. Thank you.

Counsel, do you want to proceed?

First, do you have some associates with you, Mr. Doerfer?

Mr. DOERFER. I have part of my staff with me.

Senator MUNDT. Would you like to have them participate in the hearing or beside you?

Mr. DOERFER. It may be necessary with respect to some detailed answers which you might request.

Senator MUNDT. Mr. Doerfer, would they be testifying or just consulting with you?

Mr. DOERFER. They will be consulting with me.

Senator MUNDT. Very well.

Mr. KENNEDY. Mr. Doerfer, there has been a license granted, has there not, for the operation of a radio station in Gary, Ind., by Mr. Welbourn and Mr. Sohacki?

Mr. DOERFER. I have a certificate indicating that a license to operate in the citizens radio station band was issued to the Indiana Supply Co. at the behest of an application signed by Steven S. Sohacki, which license was issued November 16, 1955, and which license will expire November 16, 1960.

Mr. KENNEDY. What was the purpose of the license?

Mr. DOERFER. It does not indicate the purpose of the license.

Mr. KENNEDY. Would you explain briefly to the committee what your procedures and policies are with respect to the granting of licenses?

Mr. DOERFER. Yes. In the citizens radio allocation are licenses which are issued to citizens of the United States who cannot qualify or are not eligible for a license in the marine services, the aviation services, the police services, the forestry, railroad, public utilities, or industrial, or amateur.

Senator MUNDT. You say if they do not qualify in any of those categories, then they get a license as a citizen for the band; is that right?

Mr. DOERFER. Yes. In 1946 the Federal Communications Commission set aside 10 megacycles of space to the average citizen to permit him to use and develop that portion of the spectrum for various uses. It is used primarily by small business people who operate plumbing establishments, electrical concerns, small-delivery men, people who have hobbies, such as controlling the small airplanes; people who are developing ways and means of opening doors, particularly garage doors, by the use of a radio frequency.

Senator MUNDT. In order to have one of these garages that open from within the car, do you have to get an FCC license for a radio station to do that?

Mr. DOERFER. Yes.

I might explain that. There is a very small power which is permitted by the FCC as de minimis. But if it is likely to cause any interference to any other operation, the operator must secure a license. Our primary concern in that field is to avoid interference, but at the same time to permit a use which may indicate a development for a very useful purpose.

Senator MUNDT. Let me ask you, Mr. Chairman, if there is any screening process through which an applicant has to go in order to get a license of this kind, or are they equally available to people whether they are crooks, Communists, kidnapers, counterfeiterers, or just good, honest citizens?

Mr. DOERFER. I might indicate that there is no screening. We have outstanding between 45,000 and 47,000 licenses in this category alone. There are at present operating in this country, licensed to operate, about 435,000 licensees in all categories, and my best judgment is that there are over 1,500,000 radio transmitters.

We get into the category of citizens radio and the licensing process is rather perfunctory. We ask that they indicate who they are, that they are United States citizens; and now we ask what use they propose to make. I might indicate that in 1955 not even that question was asked.

Senator MUNDT. Are any licenses ever rejected or turned down?

Mr. DOERFER. Well, they may be turned down, of course, if the applicant indicates he is not a citizen, or if he makes an application for a power or frequency which is not available.

Senator MUNDT. Let me ask you what function this licensing service renders the public if it is purely perfunctory and if any old crook, running a counterfeiting mill, putting in a radio band in order to notify his operators that the cops are coming so that he can get his machinery in behind the vault? What is the purpose of the licensing mechanism? I just don't quite understand it.

Mr. DOERFER. In this category, as well as other categories, we keep a record of who operates. Anyone who is inclined to use it for an unlawful purpose does not get a license to operate.

Senator MUNDT. You do have the power to reject?

Mr. DOERFER. Yes; we do. We have the power to revoke. But insofar as an illegal use is concerned, the only thing that we could do there is to detect it and then to turn it over to the proper authorities, generally the Department of Justice, or it could be local State authorities.

Senator MUNDT. You have the power to revoke, do you, on suspicion of illegality?

Mr. DOERFER. Not suspicion, Senator. When an allegation is made we investigate, and if the investigation sustains reasonable doubt as to the legality of the operation we so indicate to the licensee. He is notified. He is given an opportunity to be heard. After hearing, if the evidence establishes it, a revocation would naturally follow.

Senator MUNDT. In your opinion, Mr. Chairman, when a licensee who, when asked before a tribunal of law or a congressional com-

mittee if he has a station or if he has a license for it, and who feels compelled to take the fifth amendment, would that tend to establish in your mind some doubt as to the public service use that he is making of his license?

Mr. DOERFER. That would be a specific violation of our rules and some aspects of the law. In order to permit the full development of this, this country has indicated that these licensees must cooperate, so that when we interrogate them, when we want information, which is material and relevant to our duties, they must cooperate and supply that information. They must permit us to inspect.

Senator MUNDT. In your interpretation of that public compulsion, I presume you would include an established committee of Congress or a court of law, as well as the FCC in requiring the cooperation, would you not?

Mr. DOERFER. Yes. I would indicate that any licensee who doesn't cooperate would certainly place himself in the position where it would be the duty of the Commissioners or the Commission to revoke it.

Senator MUNDT. I am very happy to have that statement from you, speaking as the acting chairman of this committee, who has just listened to some characters who do have a radio station there and a license, against whom there is a very heavy presumption of wrongdoing, who take the fifth amendment not only in connection with their alleged operations involving the violation of law, but also in connection with whether they have a license or how they use the station, and whether it is used to defeat the law or some other purpose.

It is encouraging to have you say that. I would dare to believe that you would have information enough now to revoke a license up in Gary, Ind., which apparently is not being operated in the public interest.

Mr. Connell, have you any questions?

Mr. KENNEDY. Would you also consider the fact that the license and the station were being used to promote activities which were in violation of State law, for instance, gambling activities? Would that also be a factor?

Mr. DOERFER. That would be a ground for revocation; yes.

Mr. KENNEDY. Have you made an investigation of this situation in Gary, Ind., in cooperation with the staff of this committee?

Mr. DOERFER. Yes; we have. At the instigation of this committee, or members of its staff, we were alerted in February, and since that time have cooperated with the staff, as I understand it.

Mr. KENNEDY. That is correct.

Did a representative of your office go in to try to interview those who were operating the station, to try to get some information in connection with it?

Mr. DOERFER. Yes; I have that information.

Mr. KENNEDY. Would you relate what happened when your representative went there?

Mr. DOERFER. The report indicates that a Mr. Ernest Galins, an assistant engineer in charge of the Chicago district office, attempted an inspection of Citizens Radio Station 18-A-1447, operated by the Indiana Supply Co., also known as the Star Supply Co., at 4095 Madison Avenue, Gary, Ind., on June 3, 1959.

The station is located in a private home and is associated with an answering service. Mr. Galins attempted to gain admission and succeeded only after some little difficulty. A woman who later identified herself as Stella Murphy let him in.

It was apparent that Stella Murphy was the operator. In answer to questions, she stated that she does not know who she is working for. She later gave the name of her supervisor as Mr. Randall, but no initials, no address or telephone number. She stated that she does not know the identity of whom she calls on the radio, and she does not know how many mobile units they have in the system.

May I interpolate they have licenses for 29 mobile units.

All those messages—excuse me. They have licenses for 30, but I understand that they operate 29.

All those messages of a coded variety are transmitted. She does not have a copy of a code sheet from which an interpretation of the code words used could be ascertained. She said she threw away her copy. She gets her messages over the telephone and repeats them on the radio.

Again, she has indicated she has no knowledge of the identity of her contacts; no logs are kept. However, for this class of station none is required.

Senator MUNDT. Is the use of coded messages a violation of the law?

Mr. DOERFER. It is not. I might indicate that not only the police units in this country use code, but in all of these shared frequencies the Commission urges an economy of use. To that extent, codes are used.

I might also indicate that in order to afford the small businessman to use it, and he must use it on a shared basis, they devise codes to keep information from their competitors.

Senator MUNDT. I see.

Mr. KENNEDY. Do they have to file the code with the FCC?

Mr. DOERFER. No.

Senator MUNDT. They can just use any code they see fit?

Mr. DOERFER. Yes.

Senator MUNDT. When you go in and request the code, do they have to furnish it at that time?

Mr. DOERFER. Yes.

Senator MUNDT. Have you obtained it yet from this station?

Mr. DOERFER. We have not.

To resume, the transmitter is a Citizens Radio RCA model, CSUB, having type B approval, No. CR-420; associated with the calling service is a garage on Highway 6 in the western part of Gary. It was locked. Five mobile units were parked out there. The license numbers have been obtained, but not traced as yet. The cars also appeared to operate in the 460 megacycle band.

Our inspector pounded on the door. A man stuck his head out of another opening. When he went to that opening and knocked, he got no answer. The above is a result of a conversation between Mr. Ernest Galins and Frank M. Kaartoki, an assistant chief of the field engineering and monitoring crew at 10:40 a.m., June 3, 1959.

Senator MUNDT. At least it would seem, Mr. Chairman, that these particular operators have equal contempt for the FCC and the Senate Investigating Committee.

I wonder if you can pick up the story from its past tense and project it into its future tense.

Mr. DOERFER. I want to say this. It gave me considerable concern early in my term as Commissioner, the possibility of radio for clandestine, espionage, and illegal purposes. However, the philosophy of this country has been, and I quite agree with it, that it is more important to develop this very valuable national resource as a distinct contribution to our national defense, public safety and economy. No doubt the future will require much closer monitoring so that this Congress may be informed how to deal with it adequately, and to not defeat the larger purpose.

So far in our administration we take the position that the moment we detect through our monitoring or are advised by tips or information, we make as complete an investigation as is within our power, and we promptly notify and establish liaison with the Department of Justice and other law enforcement agencies.

I might also say for the record that this Commission has indicated the necessity for increasing our field of monitoring services. We have requested, as early as 1954 an additional appropriation of \$950,000. As yet Congress has not seen fit to make that appropriation.

Senator MUNDT. While we are on that point, let me put on my cap for a moment as a member of the Appropriations Committee, which has been dealing with these requests, and ask you how much, if any, of a fee does an outfit like the Indiana Supply Co. have to pay in order to get a license in the first place?

Mr. DOERFER. It pays no fee whatsoever.

Senator MUNDT. Our committee feels, speaking of the Government Operations Committee, the Appropriations Committee, that there should be closer supervision, that there should be some kind of screening, that you should have adequate followup supervisory and police powers to protect the public interest.

But many of us feel that this is a rather important economic asset that any group has that gets this license, and that a modest fee, capable of sustaining the service operation through the FCC, might be highly appropriate.

You were not called here for purposes of testifying about that. You may not have formulated an opinion, but if you would care to comment on it, I think it would be of interest.

Mr. DOERFER. Well, none other than to indicate that there was undertaken in the FCC at the request of the Budget Committee a study to determine what would be equitable and practical fees to assess against various licensees.

While that report was being made, one of the committees of Congress indicated not to do any more about it; just to stop; that it would require a discussion with respect to the broad principles of requiring some people who say they are performing a public service, whether or not it would be advisable to assess a licensing fee.

I might indicate, and rightly so, that this Government has taken the position that the radio spectrum belongs to the public and no licensee should get the idea for a moment that he has a property right in it. I think that was one of the things that persuaded this committee to go carefully on pursuing further the possibility of assessing licensing fees.

Senator MUNDT. It is certainly true that if he pays no fee at all, he has no property rights. It would seem if he paid no fee at all that the Commission could and should summarily revoke licenses from people who refuse to cooperate with recognized enforcement organizations of the Government.

Mr. DOERFER. Well, we have always regarded it as a privilege, and so should the licensee. However, the law requires that before we revoke, we must grant a hearing. So we cannot revoke summarily.

Senator MUNDT. As one who has been here for a long time, and who has spent a lot of hours studying this problem, I want to say for the record that speaking for myself, I think a system of service fees for these Government functions should be provided.

We have a highly inconsistent Federal policy. For a fellow to get a passport to visit his homeland, Norway, Italy, or someplace, he has to pay a license fee for a passport larger than the fellow who sets himself up in the business of broadcasting, which can make him considerable revenue.

Some of these fees, I think, should be incorporated. That would help tremendously with our budgetary problems in an era when we are using an awful lot of red ink. But that is not the purpose of this hearing.

This is a special select committee which is not a branch of the Appropriations Committee nor of the Government Operations Committee, so I don't want to stress that point any further. I wish to commend you for the fact that you are studying it, and I wish to urge you to continue, because I think the day is coming and should come soon when we provide some system of reasonable service fees for those kind of Government concessions and permissions and licenses which are definitely in the area of commercial activity.

Do you have any other questions on the instant case?

Mr. KENNEDY. As I understand it, then, steps are going to be taken in connection with the station in Gary, Ind., immediately?

Mr. DOERFER. Yes.

Mr. KENNEDY. We also had another situation, Mr. Chairman, in connection with the station that Mr. Marcello had down in New Orleans. Mr. Marcello was not even a citizen of the United States. He is a well-known gangster and hoodlum. He had been convicted a number of times. He was able to obtain a station down in New Orleans.

Would you make any comment on that?

Mr. DOERFER. Yes. When this Commission was advised of that, it conducted an investigation, established liaison with the Justice Department immediately.

May I say from there on—it is not classified information, but I think it would be inadvisable to discuss it publicly.

Mr. KENNEDY. But the Justice Department, then, is undertaking their own investigation?

Mr. DOERFER. I want to leave you with this assurance: that this Commission and the Justice Department are actively on that case and working hard.

I want to make one more statement with respect to our field monitoring people. I think our record indicates they have done a tremendously good job. We have, in addition to the ordinary inspection and monitoring, run-of-the-mill or day-to-day work, a good deal of—well, we do



locating of lost airplanes, and sometimes some equipment which could almost be regarded as subversive in character. We lay a good deal of emphasis on that.

With what money we have, we try to put first things first. To put it briefly, I would think that with a given budget, I would much prefer to spend that money in saving the lives of some good citizens or airmen, military people, if we can cooperate, boats that are in distress, than to run down pinball operators.

It is a question of degree of importance. I don't wish to leave the impression that we would ignore it. When it is called to our attention, we would most certainly become quite active in that direction.

Mr. KENNEDY. This isn't just a question of running down pinball operators. This is a question of a license that is granted by the Federal Government, a privilege that is given to somebody. We have had two cases before the committee. One concerns a man who has been convicted on two different occasions, a man who is not even a citizen of the United States. He is head of the underworld in the southeastern part of the United States. He has such a license.

Then you have this other situation in Gary, Ind., where an operation that extends through the whole of the county is illegal under State law, and it is made possible because, once again, they have a license from the FCC.

It is not just a question of somebody running down a pinball operator.

Mr. DOERFER. Counsel, I didn't mean to deprecate the efforts of this committee. As a matter of fact, I am of a contrary opinion. I agree that my statement was more or less of a defensive nature. However, I am trying to readjust a false public impression that we don't pay any attention to these things. On the contrary, we just don't have the money.

Mr. KENNEDY. You don't pay any attention to it, then?

Mr. DOERFER. Yes, we do.

Mr. KENNEDY. You said that you didn't pay any attention to it because you don't have the money.

Mr. DOERFER. No; I didn't say that.

Mr. KENNEDY. That is what I understood.

Mr. DOERFER. I meant to say that if, during the course of our test checking, we expose or run into that type of thing, we certainly pursue it. But where we can monitor less than 2 percent of the operating frequencies, you can see there is a wide margin for some skulduggery which we just wouldn't detect.

Mr. KENNEDY. Do you think that the law should be changed or that some different systems should be used, Mr. Chairman?

Mr. DOERFER. No. I don't think that the situation is right for a change in the law, in the sense that I am thinking of at the moment. I think if this Commission had more funds to expand its monitoring service, we may come up with information and recommendations which would dictate perhaps some new legislation.

Senator MUND. Are there any questions, Senator Capehart?

If not, thank you very much, Mr. Commissioner, for your information. We are gratified to know that action is going to be taken on this Gary station. I will discuss with you some other time my idea of having a little screening established so that we can screen these

things out in advance instead of having to lock the door after the horse is gone.

Mr. KENNEDY. Mr. Ryder, Mr. Gogola, and Mr. Anderson.

Senator MUNDT. The man on the left, what is your name?

Mr. GOGOLA. Walter Gogola, Jr.

Mr. RYDER. I am Edward Ryder.

Senator MUNDT. Is Mr. Anderson in the room?

Stand and be sworn.

Do you and each of you solemnly swear the testimony you are about to give before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RYDER. I do.

Mr. ANDERSON. I do.

Mr. GOGOLA. I do.

**TESTIMONY OF WALTER J. GOGOLA, JR., EDWARD S. RYDER, AND HAROLD ANDERSON, ACCOMPANIED BY COUNSEL, JAMES E. WHEALAN**

Senator MUNDT. Starting with you on my left, will you give us your name, please, your place of residence, and your occupation or business?

Mr. GOGOLA. My name is Walter Gogola, Jr. I live at 4025 Cleveland, Gary, Ind. As far as my business, I respectfully decline to answer under the fifth amendment of the Constitution of the United States on the ground that my answer may tend to incriminate me.

Senator MUNDT. The man in the center, will you answer the same question?

Mr. ANDERSON. My name is Harold Anderson. I reside at 206 West 49th, Gary, Ind.

I respectfully decline to answer under the fifth amendment of the Constitution of the United States on the ground that my answer may tend to incriminate me, as far as my occupation is concerned.

Senator MUNDT. Next?

Mr. RYDER. My name is Edward Ryder. I live at 1401 West 45th, Gary, Ind.

On your third question, I respectfully decline to answer under the fifth amendment to the Constitution of the United States on the ground that my answer may tend to incriminate me.

Senator MUNDT. Starting with you, do you have counsel here to represent you?

Mr. RYDER. Yes; I have counsel.

Senator MUNDT. Who is your counsel?

Mr. RYDER. James Whealan, of Chicago.

Senator MUNDT. Mr. Anderson, do you have counsel?

Mr. ANDERSON. Yes; I do.

Senator MUNDT. Who is your counsel?

Mr. ANDERSON. James Whealan, Chicago, Ill.

Senator MUNDT. How about you?

Mr. GOGOLA. Yes; I do; James Whealan, of Chicago, Ill.

Senator MUNDT. Is your counsel here?

Mr. RYDER. Yes.

Senator MUNDT. Will you give us your business address, Mr. Whealan?

Mr. WHEALAN. 111 West Washington Street, Chicago, Ill.

Senator MUNDT. Very well, sir. You may sit at the table and consult with them in any way they ask you to.

All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Ryder, you are an employee of the Indiana Supply Co., the Sunset Supply Co., and the Star Supply Co.; is that right?

Mr. RYDER. Mr. Kennedy, I respectfully decline to answer under the fifth amendment to the Constitution of the United States, that my answer may tend to incriminate me.

Mr. KENNEDY. Do you also use the name Randall, Mr. Ryder?

Mr. RYDER. Mr. Kennedy, I respectfully refuse to answer under the fifth amendment of the Constitution of the United States, on the ground that my answer may incriminate me.

Mr. KENNEDY. We have had two identifications of Randall before this committee. Mrs. Hagler identified a man by the name of Randall that came out to her place of business and told her not to cooperate with the staff of the committee, not to tell them anything, not to turn over her books.

According to the testimony of the Commissioner, when a representative of the FCC visited the Star Supply Co., they were told that a Mr. Randall was in charge.

Is that Mr. Randall you, Mr. Ryder?

Mr. RYDER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, we have Mrs. Hagler still here. She is in the room. Could we ask her to come around and see if she can identify him?

Senator MUNDT. Yes. Have her take this chair.

Has she been sworn?

Mr. KENNEDY. Yes.

#### TESTIMONY OF MRS. MARGARET HAGLER—Resumed

Senator MUNDT. Mrs. Hagler, you have been previously sworn, have you not?

Mrs. HAGLER. Yes.

Mr. KENNEDY. Mrs. Hagler, can you identify the individual who identified himself as Randall when he came to visit you?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. Who is the individual?

Mrs. HAGLER. The first man that sits on the left of the table.

Mr. KENNEDY. The one with the gray coat?

Mrs. HAGLER. Yes, sir.

Mr. KENNEDY. The one that has identified himself before this committee as Mr. Ryder?

Mrs. HAGLER. Yes.

#### TESTIMONY OF WALTER J. GOGOLA, JR., EDWARD S. RYDER, AND HAROLD ANDERSON, ACCOMPANIED BY COUNSEL, JAMES E. WHEALAN—Resumed

Mr. KENNEDY. Is that correct, Mr. Ryder?

Mr. RYDER. Mr. Kennedy, I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Why did you use the name Randall or, better still, why was there so much mystery surrounding this operation, Mr. Ryder?

Mr. RYDER. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Nobody was to give their names. The men who went around to repair the machines didn't give their names. All they gave was a telephone number. Nobody knew that Mr. Sohacki and Mr. Welbourn were behind the company. Then you give a fictitious name of your name.

Would you tell us why you wanted so much mystery to surround the operation of this company?

Mr. RYDER. Mr. Kennedy, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. As we understand it, and from what we can find out, you were the foreman who operated the company and sent around the collectors and made some collections yourself.

Could you tell us whether the records that have been made available to the committee in connection with the operation of this company are accurate as far as the collections received are concerned?

Mr. RYDER. Mr. Kennedy, again I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Would you turn over to the committee any of the documents that you have in connection with the collections that you made?

(The witness conferred with his counsel.)

Mr. RYDER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Isn't it correct that the payments that were made to Mr. Holovachka or any other individual were made off the top from these collections, rather than later on after the money had actually been entered into the books?

Mr. RYDER. Mr. Kennedy, again I respectfully decline to answer on the grounds my answer may tend to incriminate me.

Senator MUNDT. Was part of your function in the company, Mr. Randall, to make the payoffs to the public prosecutor?

Mr. RYDER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Senator MUNDT. Is it a fair assumption for the committee to make in view of that answer, that you were the man who paid off the prosecutor from the top of the take?

Mr. RYDER. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. How would a negative answer incriminate you, Mr. Ryder?

Mr. RYDER. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Senator MUNDT. Can you think of any way that saying no would incriminate you?

Mr. RYDER. I respectfully decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Gogola, you have been an employee of the Indiana Supply Co., the Sunset Supply Co., and the Star Supply Co.; is that right?

Mr. GOGOLA. I respectfully decline to answer under the fifth amendment to the Constitution of the United States on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And you also have information regarding the collections that were made?

Mr. GOGOLA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Will you tell us anything about how the collections were handled, and whether the books and records of the Star Supply Co. show the correct amounts of the money actually collected?

Mr. GOGOLA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Was there a certain amount of so-called top money that was kept out for the payment to Mr. Holovachka and to any other individuals?

Mr. GOGOLA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Would you tell the committee how the Star Supply Co., the company of Mr. Welbourn and Mr. Sohacki, were able to gain a monopoly in the Lake County area?

Mr. GOGOLA. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Anderson, you were hired on December 1, 1955, by the Sohacki-Welbourn to manage a new business venture of theirs; is that right?

Mr. ANDERSON. Senator, I respectfully decline to answer under the fifth amendment of the Constitution of the United States on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. I appreciate the promotion, but it is "Mister" Kennedy.

Was it at that time that the company of Mr. Sohacki and Mr. Welbourn decided to go into the jukebox and arcade equipment field, so they formed the H. & A. Novelty Co.?

Mr. ANDERSON. Mr. Kennedy, I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Was it that time that you started to put the other independent jukebox operators out of business?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. You joined the union at that time, did you not, Mr. Anderson?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Did you disclose to the union what your other connections were?

Mr. ANDERSON. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Did you have any conversations with Mr. Conroy in connection with the raids which were to be made on any of the locations?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. In the cash receipts records maintained by the Sunset Supply Co. and Star Supply Co., which were turned over to the

committee, the jukebox and arcade equipment collections which were earmarked to you were, Sunset Supply Co., 1956, \$30,000; Sunset Supply Co., 1955, \$155,000; the Star Supply Co., 1958, \$208,000, making a total of \$394,000.

Is that figure correct?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. That would be actually less than one-half of all the machines brought it, would it not, Mr. Anderson?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. So that the machines that you were handling collected at least \$788,000; is that right?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Was there any other money collected on top of that, which is called top money, which was kept and used for certain illegal or improper purposes?

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. When you were interviewed by Mr. Sinclair on November 13, 1958, did you state at that time you had joined the union, local No. 1, for the purpose of "determining what was going on there and gathering what information I could regarding the independent operators of the area?"

Mr. ANDERSON. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. These three gentlemen, Mr. Chairman, are all employees of Mr. Sohacki and Mr. Welbourn in their operations.

That is all.

Senator MUNDT. Have you any questions, Senator Capehart?

Senator CAPEHART. No questions.

Senator MUNDT. You may step aside.

Mr. KENNEDY. Mr. Chairman, the next witness will be Mr. Verplank.

Senator MUNDT. Please come forward.

You do solemnly swear that the testimony you are about to give before this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VERPLANK. I do.

#### TESTIMONY OF CORNELIUS VERPLANK, JR.

Senator MUNDT. Tell the committee, please, your name, address, and your present occupation.

Mr. VERPLANK. My name is Cornelius Verplank, Jr. My address is 4424 Connecticut Street, Gary, Ind. My business is a mason contractor.

Senator MUNDT. I will explain for the benefit of the press and the monitors that Mr. Verplank was called here because he is the head of the Gary Crime Commission, and not because of the allegations of involvement in these particular nefarious operations, but in the hopes that he can throw some light on the situation in Gary in general.

That is correct, is it not?

Mr. VERPLANK. That is correct.

Senator MUNDT. Now, Mr. Counsel, you may proceed.

Mr. KENNEDY. You spell your name V-e-r-p-l-a-n-k; is that right?

Mr. VERPLANK. That is correct.

Mr. KENNEDY. You have been head of the Gary Crime Commission since 1949; is that right?

Mr. VERPLANK. No. I have been head of the crime commission since 1954.

Mr. KENNEDY. Since 1954. Were you with the crime commission prior to that time?

Mr. VERPLANK. Yes. The crime commission was organized in 1949 after the brutal slaying of the schoolteacher.

Mr. KENNEDY. After the what?

Mr. VERPLANK. After the slaying of a schoolteacher in 1949. At that time, they organized a group of women which they called the WCC, or the Women's Citizens Committee. From this committee the Gary Crime Commission was formed. The reason that the ladies formed the crime commission was that they needed help from the men. They found that they could not talk as well to some of these city officials themselves. It seemed it was easy for some of the officials to give them the runaround. There was other work to be done that the ladies couldn't do, so they organized the Gary Crime Commission.

Mr. KENNEDY. Mr. Verplank, the situation was very difficult during 1948-49; is that correct?

Mr. VERPLANK. It was.

Mr. KENNEDY. I don't want to go into detail on it, but it was a very serious situation?

Mr. VERPLANK. It was a very serious situation. There were an awful lot of murders, for one thing.

Mr. KENNEDY. Is the situation much better at the present time as far as this area is concerned?

Mr. VERPLANK. If it is, I can't see it. There is no evidence that it has bettered itself.

Mr. KENNEDY. Have you made any complaints or requested Mr. Holovachka's office to take any steps against what is going on in the county?

Mr. VERPLANK. Yes, I have. We had complained to Holovachka—I say “we”. At the start, when we first were talking to Holovachka, I was not the chairman of the Gary Crime Commission. I was vice chairman. The chairman at the time complained to him.

After I became chairman I talked to the mayor about the situation in Gary, without any results, and also had talked to Holovachka, the prosecuting attorney.

It amounted to this, the reply that I got: It was that we didn't know what we were talking about, it is a bunch of lies. We were staging a publicity stunt for the Republican Party. Incidentally, Senator, I happen to be a registered Democrat.

But they made every effort to throw the picture as a Republican stunt.

So after getting no results at all from any officials in Lake County, I hired an investigator, and he went out, and in a 3-week period listed 64 places of prostitution, gambling, bookie joints, and the like.

I took this list and mailed it to the county prosecutor, Metro Holovachka, to the mayor, Peter Mandich, to the chief of police, John Foley.

After this came out in the paper, the first thing that was said from any of the officials was no comment at the time.

Then later on the mayor said, "If Verplank wants to be mayor or do anything about it, he has an opportunity to run for mayor at next election."

Of course, the chief of police couldn't do anything about it because he has to take his orders directly from the mayor. Holovachka had done nothing about it.

So I waited a period, I would say, of approximately 10 days. If the Senator wants, I can give him the exact date.

Then accompanied by a newspaper photographer with a camera equipped with a telescopic lens, and my investigator, I went into two of these places that were running. I made bets on two different horses in both places. My picture was never taken inside the place, but they took it as I went into the place and as I came out.

(At this point Senator Curtis entered the hearing room.)

Mr. VERPLANK. We published these pictures in the newspaper, and after that the places shut down. They were down, I would say, tight for better than a week.

There was a little hip pocket betting going on. After that, it opened up again and they have been running ever since.

(At this point Senator Capehart withdrew from the hearing room.)

Senator MUNDT. Let me ask you about the genesis of the Gary Crime Commission. Is this a group of voluntary citizens getting together, or do you have some quasi-official status?

Mr. VERPLANK. It is just a group of citizens, Senator. It is all volunteer. It consists of some businessmen—I say some because it hurts a man that is in business to belong to the crime commission because they can be affected in various ways. We have some school-teachers, housewives, and—

Senator MUNDT. Do you get any support at all for your work in Gary from the church people, the churches, the PTA's, groups of responsible citizens rallying behind you? Do they suggest to the mayor and the prosecutor that they do something? Or are you just a few voices crying in the wilderness in Gary?

Mr. VERPLANK. Well, we have had a lot of support from the PTA's, the church groups, but I will make this statement: We have had no help at all from the chamber of commerce. As a matter of fact, after I made these attempts to clean up the situation—and, of course, previous to this another thing came up, which was the Barrett Bond thing, which I think you are going into later on—I tried to have the prosecutor disbarred.

Metro Holovachka made an attempt to have the chamber of commerce hold a trial to clear him. They did make a report on this thing, and they did clear, or to the effect gave a clearance, to Metro Holovachka.

Senator MUNDT. Let me see if I get this right.

The chamber of commerce, despite the evidence that you have been producing, and the fact that you reported it in the newspaper, held some kind of trial or hearing, and concluded that the prosecu-



tor was doing his job satisfactorily and according to the way they wanted to have it done; is that right? Is that what you are saying?

Mr. VERPLANK. It amounts to that. I would have to dig out the letters to read it to you verbatim. One point I wanted to bring out, and I think this does bring it out, is the lack of support, and the fear that is in the business people in Lake County, to try to better things or make any attempt to do so.

Senator MUNDT. The newspapers, I understand, did give you some cooperation.

Mr. VERPLANK. They did.

Senator MUNDT. But their advertisers did not look upon that with much favor because they took the other side?

Mr. VERPLANK. That is right.

Senator MUNDT. Why do you suppose that is? That is unlike a chamber of commerce, it seems to me.

It seems to me that a chamber of commerce wants a town to get bigger and better. Apparently in Gary they want it to get bigger but they don't care if it gets better. Why?

Mr. VERPLANK. There has been a remarkable change in the Gary Crime Commission in the last number of years. They are beginning to get on more solid ground. I think eventually they will help attack the situation.

But at that time, whether it had no bearing on the situation or not you have to draw your own conclusions. The chairman of the chamber of commerce at that time I understood was doing about \$80,000 worth of business a year with the city, and—well, that is the end of the statement.

Mr. KENNEDY. What is the reason that the citizens are not doing more in connection with this?

Mr. VERPLANK. Well, the main thing that they are not doing anymore is where can you go to for help when you attack the problem by going to the chief of police—

Mr. KENNEDY. You have also been to the Governor, have you?

Mr. VERPLANK. Yes.

Mr. KENNEDY. So you have been to every area, every source of government, locally the Lake County authorities, and the State authorities, and there has been nothing done in the past 5 or 6 years?

Mr. VERPLANK. Not a thing. I appealed to the Governor a number of times.

Mr. KENNEDY. Haven't other citizens besides yourself done that?

Mr. VERPLANK. Yes.

Mr. KENNEDY. Isn't that the problem, that people are getting so discouraged and feel that nothing can be done because all of these appeals have been made to the various government sources and nothing has been done over this period of time?

Mr. VERPLANK. That is correct.

Mr. KENNEDY. As I understand it, even where a blatant violation of the law is indicated, and perhaps the State authorities come in through the State police and conduct a raid, and show that the man is guilty, he is dismissed with just a small fine.

Mr. VERPLANK. That is right.

Mr. KENNEDY. All of the law enforcement has to be conducted through Metro Holovachka's office; is that right?

Mr. VERPLANK. Well, in some cases they take them before a JP court.

Mr. KENNEDY. The vast majority, certainly, of the cases, the major cases, the more serious cases, have to be conducted through his office?

Mr. VERPLANK. That is right.

Mr. KENNEDY. Is that the big problem, as far as the area is concerned?

Mr. VERPLANK. That is right. There is no one to appeal to. We have tried, as you mentioned, all sources, to no avail.

Senator MUNDT. Why do you suppose in a comparatively small city like Gary, that the good people of the community, who would certainly outnumber the crooks and gamblers, haven't organized a reform movement and exercised the good American privilege at election time to throw out these chiselers and put in decent citizens? That has happened in other cities much larger than Gary, when the people have become incensed.

Is there not any sense of moral virtue on the part of citizens generally that will reflect itself in the voting places by getting a mayor and prosecutor who wanted to have a clean town and clean it up in that way?

Mr. VERPLANK. Well, I believe I can give you some answer on that.

Gary is the biggest melting pot in the United States. I mean by that you have every nationality represented that there is in the world. It is one of the largest industrial centers in the United States. These men that seem to be running things in the county have such a machine built up—

Senator MUNDT. A political machine?

Mr. VERPLANK. Yes, a political machine. For instance, I will mention the policy, how they can control votes through the policy racket, which is the numbers deal. I don't know whether you gentlemen know anything about the policy wheels.

Mr. KENNEDY. About the policy?

Mr. VERPLANK. The policy wheels. They are used mostly in the colored district by colored people where they can bet small sums. You can bet a nickel.

Mr. KENNEDY. Is that what we call the numbers racket?

Mr. VERPLANK. Yes. It is the numbers racket. I had a couple of tickets I was going to show you here, but probably it is not too important. But we have had as high as 200 what they term runners. These are the men that go out and collect these dimes and nickels and quarters from the people. There have been as high as 200 of them that we can—

Mr. KENNEDY. Is that legal in Indiana?

Mr. VERPLANK. No. But these men will go out and make all these collections. These people like to play this game. They don't want it stopped. They don't want to have it taken away. So with just 200 of these runners or pickup men, they probably cover—well, just say in round figures that they had 50 customers.

Election time comes around and they can instruct the person how to vote. They just tell them in plain words that, "If you want your policy to go on, you vote for this candidate or this party." They control it through different branches of the government by political payroll.

Mr. KENNEDY. In other words, what you are telling us is that the people of Gary know that they have a wicked town and it has wide open gambling, the racketeers have taken control of it. They know the answer is to vote the crooks out. But a majority of them, as reflected in the polling places, like it as it is and don't want to change it.

Mr. VERPLANK. We have some polling places that are 100 percent for the party that is in power now, and has been.

Mr. KENNEDY. Before you go ahead, I have only spent a short time there, but I would have to disagree, certainly, that the people of Gary, Ind., want corruption in government. I don't think you can say that.

There are some individuals who have important positions of power in Lake County who are corrupt or associated with gangsters or who take bribes. But certainly the vast majority of the people are honest people, law-abiding people, and they don't like this any more than anybody in any other section of the country.

Senator MUNDT. If that is true, I want to find out why they don't throw the rascals out. Why don't they get rid of them?

Mr. KENNEDY. I think that is the problem he outlined initially, that a lot of these people have been trying to do something, have gone to the State authorities, the local authorities, and city authorities, to try to get something done. Nothing has been done.

Mr. Holovachka ran on a ticket that he was going to really clean up Lake County, Ind., and then got into a position and it has been very difficult to get him out. But I think it is unfair to the people of Lake County and Gary, Ind., to picture that everybody there wants corruption or is in favor of corruption or is corrupt.

Certainly that is not the situation. I have talked to enough people of the leading citizens there to know that it is not the situation. Otherwise we would not have gone into this investigation.

Senator CURTIS. Mr. Chairman—perhaps you want to make an answer, first.

Mr. VERPLANK. No, by my statement you probably thought that I referred to all the citizens don't want to clean it up, but I am talking probably in the sense of the word of the people that are controlling the situation. We don't have a 100 percent vote turnout. That is where the problem lies.

The people that could clean it up or straighten it out do not go down to the polls and vote.

Senator CURTIS. Would this be somewhat of a correct statement: that a majority of the people do not approve of this gross wrongdoing, but they have been frustrated in their political attempts by not as effective an organization, and not as many people who had a direct financial interest as the other side did, that would get out and win a competitive election? Is that true?

Mr. VERPLANK. That is right.

Senator CURTIS. How long has this crime commission existed?

Mr. VERPLANK. Since 1949.

Senator CURTIS. Have you appealed to several Governors that you know of, personally?

Mr. VERPLANK. Yes. We appealed to Governor Schricker. He was Governor at that time. Then Governor Craig succeeded him, and at the present time we have a new Governor, Handley. At this time we have not contacted Handley. We haven't talked to him.

Senator CURTIS. But you did talk to the other two you mentioned?

Mr. VERPLANK. Definitely.

Senator CURTIS. Was their attitude that it was a local responsibility? What was the problem?

Mr. VERPLANK. Well, definitely it was a local problem, so far as Schricker was concerned, and Craig. Craig made the statement that we have a newspaper clipping on that he did not get enough support down there in Lake County; therefore, he wasn't—as a matter of fact, he wasn't too much interested in Lake County.

Senator CURTIS. But your problem, insofar as elections are concerned, is you are faced with the fact not that probably you are outnumbered, but that you face an experienced, hardhitting organization that is well financed, already entrenched in many key positions, and they can touch a great many people who have something to gain by keeping them in; is that correct?

Mr. VERPLANK. That is right. They have so much money to spend that they can buy practically anything they want, as the hearings probably have brought out so far and will bring out, I imagine, more later on. The amount of money is tremendous.

Senator CURTIS. That is all, Mr. Chairman.

Senator MUNDT. Further questions, Mr. Counsel?

Mr. KENNEDY. That is all.

Senator MUNDT. Mr. Verplank, thank you very much for your testimony.

As I would sum it up, it would seem to me what you are telling us is that the good people outnumber the evil people in Gary, Ind.; that there is a desire to clean it up, but some way or other the good people have not devoted themselves to the problems of organization and politics and campaigning so that they can reflect this majority viewpoint by throwing the rascals out. Is that a fair summation?

Mr. VERPLANK. Yes. Senator, there is one more thing. I would like to have it in the record, and I didn't bring this out before. I want you to know that my life has been threatened at one time there. That was after I went out with the photographer and took pictures of these places and had them put in the newspaper; and also the fact that through my wife they threatened the children, and also through me I have had some threats to my family.

It is not a laughing matter as far as I am concerned. They tried to buy the Gary Crime Commission at one time. As a matter of fact, they tried to buy the microphone speech before it was published. They found out they couldn't. So they never make any attempt to buy us, but they do by threats.

Senator MUNDT. You and your associates deserve a lot of commendation by the people of Gary, you who are trying to clean it up. It is no bed of roses to try and fight entrenched crime. But I am certainly happy that the newspapers have given you full cooperation out there.

Sooner or later you are going to develop the capacity in organization and political affairs, I would think, so that you would be as well organized as the opposition, and then the majority wanting to clean it up can bring about the desires that they have. Thank you.

Mr. KENNEDY. Mr. Chairman, we have a witness who has requested to testify. His name is Mr. Michael Kampos.

Senator MUNDT. Raise your right hand and be sworn.

Do you solemnly swear that the testimony you are about to give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KAMPO. I do.

### TESTIMONY OF MICHAEL J. KAMPO, JR.

Senator MUNDT. Tell us your name, your place of residence, your business or occupation, and your interest in the hearings which are now before us.

Mr. KAMPO. Michael Kampe, Jr., 709 West 119th Street, Whiting, Ind. I am a furniture dealer and investigator on the staff of the Lake County prosecutor.

Senator MUNDT. And you are testifying because you want to, you are volunteering; is that right?

Mr. KAMPO. Well, sir, I received a subpoena. I also received a wire telling me to appear here. This morning, while I was waiting, I ran into Mr. Dick Sinclair, and I told him about a telephone call I made last night to my home, that he wanted to talk to me. I asked him there what he wanted to talk to me about, and he said he wanted me to bring some more evidence.

Later on, I went into the office and Mr. Sinclair told me that I didn't have to testify. I told him that it was unfair because I have gotten some bad publicity back home in Hammond. I thought it was——

Senator MUNDT. Hammond or Whiting?

Mr. KAMPO. Hammond. You see, I live in Hammond, but the post office is Whiting. I live in the far north, called Robertsedale.

Senator MUNDT. Your furniture store is Hammond?

Mr. KAMPO. Yes, sir, and my residence is also Hammond but the post office is Whiting.

Then Mr. Duffy came in and said that, "Well, you don't have to testify," and I said, "LaVern, I sincerely want to because I have to clear some matters up." By innuendo, the newspapers have said some nasty things about me.

Senator MUNDT. Has your name been brought into the hearings?

Mr. KAMPO. My name has appeared; yes.

Senator MUNDT. By other witnesses?

Mr. KAMPO. I don't recall. I haven't listened to the hearings, sir.

Senator MUNDT. Well, go ahead.

Mr. KAMPO. Consequently, I checked in with the lady downstairs and came back upstairs. The young fellow, one of the investigators—I think his name is Thiede—from Park Forest, he came to see me and told me Mr. Kennedy wanted to see me.

I went down in the office and Mr. Kennedy, by his own admission, told me that I had nothing to do with pinballs in Lake County, and that I didn't have to testify.

Mr. KENNEDY. What did I say at the beginning to you, Mr. Kampe? If you want to go through the whole conversation what did I say at the beginning?

Mr. KAMPO. Well, you told me that I didn't have to testify unless I wanted to.

Mr. KENNEDY. Didn't I say at the beginning that as far as we were concerned, we would be glad to hear your testimony; as far as your

appearing under subpoena or as far as it being necessary for you to testify, that it wasn't necessary, but that we would be glad to hear you?

Mr. KAMPO. Yes, sir.

Mr. KENNEDY. All right.

Mr. KAMPO. And I told you it was important for my family and myself to appear here as a witness.

Senator MUNDT. All right; here you are. Go ahead.

Mr. KAMPO. Are there any questions?

Mr. KENNEDY. You wanted to come. Tell what you have to say.

Mr. KAMPO. I have a prepared statement to make, which I think is important to myself, my family, and the Senate committee.

Senator MUNDT. Under the rules of the committee, if you have a prepared statement it has to be submitted 24 hours in advance. But we will give you a chance to visit with us a while and talk to you. I am not sure about a prepared statement, because I don't know what is in it.

Mr. KAMPO. Senator, I think it is very, very important that when an individual such as myself is interrogated by the Senate investigators, and they will tell you themselves that they came into my place of business, I gave them my time, I cooperated with both Mr. Sinclair and Mr. Duffy to the extent that any question they asked I answered—by Mr. Kennedy's statements in the newspapers—may I read one, please?

Senator MUNDT. Yes.

Mr. KAMPO. This headline in Tuesday's paper, the Hammond Times, the hometown that I live in, says:

Probers Try To Link Metro's Aids, Mob.

I read this to Mr. Kennedy this morning in his office.

Senator MUNDT. Is your name in that headline?

Mr. KAMPO. No, sir; but I am an aid.

Senator MUNDT. You are what?

Mr. KAMPO. I am an aid as far as an investigator is concerned. I assume that when he says Metro's aids, that I am one of those people. I am an investigator on the staff.

Senator MUNDT. Are you mentioned in the article any place?

Mr. KAMPO. Let me read it to you, sir.

Senator MUNDT. Go right ahead.

Mr. KAMPO (reading):

Committee Counsel Robert F. Kennedy said that six witnesses were scheduled to be called in today's opening session, four would describe how aids of Holovachka used threats and force to kill off an independent coin machine operators' union and to prevent a Valparaiso machine distributor from continuing business.

Sir, I am one of those aids. I have worked for Mr. Holovachka.

Senator MUNDT. Now answer my question. Is your name mentioned in the article?

Mr. KAMPO. No, sir.

Senator MUNDT. It is quite possible, you see, that this man in question could have six aids.

Mr. KAMPO. There are only four investigators, sir.

Senator MUNDT. Four aids? How many aids?

Mr. KAMPO. He has 22 that I know of.

Senator MUNDT. All right. Out of 22 he might have 15 that were bad and 7 that were good, or 7 that were bad and 15 good. So unless your name was mentioned, you are not really involved.

Mr. KAMPO. Senator, one of the things that—

Senator MUNDT. Let me ask you this: Are you in a position to testify under oath that none of those aids are corrupt?

Mr. KAMPO. I am not saying that.

Senator MUNDT. You can just testify for yourself; is that right?

Mr. KAMPO. Yes, sir.

Senator MUNDT. You can testify, if you want to, that you are not corrupt and you haven't done anything, but there is nothing wrong with that headline unless you can testify under oath that not more than one of his aids are corrupt.

Mr. KAMPO. Senator, here is another headline in my hometown, telling the entire story of all these mobsters and racketeers out of Chicago. It says here:

Kampo Also Gets Summons, Scheduled To Testify Thursday.

This came to the Hammond Times from Mr. Kennedy's office. I talked to the reporter. He is a friend of mine.

Senator MUNDT. Your name is mentioned?

Mr. KAMPO. Yes, sir.

Mr. KENNEDY. Could I see what it says?

Mr. KAMPO. I will be glad to give it to you, Mr. Kennedy.

Senator MUNDT. While counsel is looking at that, Mr. Kampo, do you know Steven D. Sohacki?

Mr. KAMPO. No, I don't.

Senator MUNDT. Have you ever met him?

Mr. KAMPO. No, sir; just this morning up here as a witness.

Senator MUNDT. Do you know Mr. George W. Welbourn?

Mr. KAMPO. No, sir; I never saw him before in my life until he took the witness stand.

Senator MUNDT. Do you know Mr. Anderson who testified today?

Mr. KAMPO. No, sir; I never saw him.

Senator MUNDT. About the man who goes around masquerading?

Mr. KAMPO. I never saw that man in my life until this morning.

Senator MUNDT. Mr. Gogola?

Mr. KAMPO. I never saw that man in my life.

Senator MUNDT. Have you ever heard of the Indiana Supply Co.?

Mr. KAMPO. Never heard of that until this morning.

Senator MUNDT. Or the Star Supply Co.?

Mr. KAMPO. No, sir.

Senator MUNDT. Are you a lawyer?

Mr. KAMPO. No, sir.

Senator MUNDT. Tell me how a furniture man gets to be an aid of a prosecutor. Are you an investigator?

Mr. KAMPO. Yes, I am an investigator. It is a political patronage job.

Senator MUNDT. Have you had any experience, maybe in the Army or someplace in your younger days, as being an investigator?

Mr. KAMPO. No, sir.

Senator MUNDT. It is a new venture?

Mr. KAMPO. I have been on the job for 6 years.

Senator MUNDT. I mean, your whole experience as an investigator came on this job?

Mr. KAMPO. Yes, sir. May I state one thing, Senator?

Senator MUNDT. Go ahead.

Mr. KAMPO. One thing—my mother and dad are dead. They left me with one thing, a good name. I don't want anybody to take it away from me. It is just like in 1941, when the Japanese and German countries tried to do something to the United States of America. We fought back.

By Mr. Kennedy, Mr. Duffy, and Mr. Sinclair's admission this morning, they said, "Mike Kampo has nothing to do with the pinballs or rackets," but yet by innuendo in the hometown where I live, where my family lives with me, where I have a business—and I think this is important to the committee—I don't think any human being should be sacrificed, even by innuendo, to prove a point.

That is why I asked to testify. There is no other reason. I am clean. I have never done anything wrong; never.

Senator CURTIS. Mr. Chairman—

Senator MUNDT. May I say first of all that this committee has followed the practice for a long time where if somebody's name is mentioned in a hearing and he wants to testify and answer questions and clear himself, that is his privilege. That is his right, and we are extending you that right today.

Mr. KAMPO. Sir, I did not want to testify. When Mr. Sinclair came to me, I told him everything I knew. He called me on the telephone. He suggested that I write Senator McClellan a letter. I have the letter right here, telling him that as far as I was concerned, to bring me down here was a waste of taxpayers' money. I never got an answer until today, when Mr. Sinclair told me that I needn't appear as a witness.

That is the confusing part. Why was I called here as a witness, and when I do get here they tell me I don't have to testify?

Senator MUNDT. Counsel tells me, Mr. Kampo, he can explain that to you.

Mr. KAMPO. All right.

Mr. KENNEDY. Mr. Kampo, your name came into the hearings yesterday in connection with the testimony of Mr. Goot. Mr. Goot testified that he had been an independent pinball operator, that he got into difficulty with Mr. Holovachka, and that three of his locations were raided, and ultimately that he had to turn the operation over to the Sohacki-Welbourn group.

He then went on that in 1958 a gentleman who was about 5 feet 11 inches, weighing over 200 pounds, came in to buy six cans of beer, that he was sent in by you so that Mr. Holovachka could make an arrest of him for selling beer to a minor.

He said he ultimately was convicted of that and he had to pay a \$1 fine. You were being called on the ground that we wanted to find out who instructed you to hire this minor to go into Mr. Goot's tavern to make the purchase. That is why you were being called. Will you relate that to the committee?

As we were moving along in the testimony, Mr. Chairman, we did not feel it was that vital. We tried to get hold of Mr. Kampo last night to tell him that it wasn't necessary to come. We had had the testimony. He is here today and he can testify about it.



We are glad to have you.

Mr. KAMPO. Mr. Kennedy—

Mr. KENNEDY. Answer the question that I would have asked you.

Mr. KAMPO. Let me make this point, the point that the damage is done at home. I have to make a living there in the furniture store where the average public walks in.

Mr. KENNEDY. I have no apology for your being subpoenaed before this committee. You were subpoenaed before this committee to testify regarding your sending the gentleman in, the boy.

Mr. KAMPO. I will give you the answer as I did this morning.

Mr. KENNEDY. Who told you to get the boy and go in there and make the purchase?

Mr. KAMPO. I was called in by Mr. Holovachka.

Mr. KENNEDY. All right. That is of some importance to us, Mr. Chairman.

Mr. KAMPO. Mr. Holovachka called me in and told me that he had gotten some complaints on a tavern in Hammond. He asked me if I could get a youngster and send him in to the tavern and purchase some liquor or some beer. I told him I would.

I went back home. There was a neighbor across the street that has two boys. I went in and I saw the father and I explained to the father that the prosecutor had asked me to get a youngster to go in the tavern. He had told me that at the plant there has been some discussion, that youngsters have been buying liquor and getting drunk, getting in accidents.

He said he would be glad to have his son participate. I took the boy, he had his car, and he followed me. We parked on the side of the tavern and I told this youngster to go in and buy a can of six-pack beer, which he did.

He went in, came out, I went back into the tavern and I told Mr. Goot that he had just sold a pack of six beers to a youngster, and that I would like to have the number of his license. He took me in the back room and asked me what this was, was it political? He said, "I know that I am not supporting Vance, that I am for Roberto, but that is my privilege."

I said, "Goot, I have nothing to say, only that you must give me your license number," which I took. I thanked him, walked out. The next day I gave the beer, all the information, to Mr. Holovachka, and later Mr. Goot was brought to trial and he was tried by 12 people, a jury, and they convicted him; I did not.

Senator MUNDT. All right, Mr. Kambo. That will at least explain why you are here. I couldn't understand it before, either. But for your information, part of the evidence which is coming before this committee indicates that Mr. Holovachka told you to have this youngster buy the beer, and part of the evidence being built before this committee is that Holovachka has been following a pattern of arresting pinball operators who do not belong to the Solacki-Welbourn syndicate.

This in itself is no indication that you would know whether there is any basis for that allegation or not. This is simply a piece of evidence in that direction. It does not involve you any further than what you did, and what you did in itself was a perfectly proper thing, provided you knew of no ulterior motive that Mr. Holovachka might have had.

But it certainly does explain why you should be called in because you now verify what the witness told us.

Mr. KAMPO. But it is a very confusing thing.

Mr. KENNEDY. I have some more questions for you.

Mr. KAMPO. Yes, sir; I will be glad to answer them.

Mr. KENNEDY. Mr. Kambo, how long have you worked for Mr. Holovachka?

Mr. KAMPO. Six years.

Mr. KENNEDY. You have been assistant to him for 6 years?

Mr. KAMPO. Yes, sir; an investigator.

Mr. KENNEDY. Have you ever arrested any pinball operator?

Mr. KAMPO. No, sir.

Mr. KENNEDY. Have you ever gone into any location where there are these pinballs operating?

Mr. KAMPO. Never, sir. Never.

Mr. KENNEDY. Have you ever been instructed by Mr. Holovachka to go in and make an investigation or an arrest in connection with the gambling that is going on?

Mr. KAMPO. No, sir.

Mr. KENNEDY. Have you ever arrested any bookies?

Mr. KAMPO. No, sir.

Mr. KENNEDY. Have you ever arrested anybody in connection with the house of prostitution that is operating in Lake County?

Mr. KAMPO. Yes, sir.

Mr. KENNEDY. When did you do that?

Mr. KAMPO. Over a period of 6 years there is at least——

Mr. KENNEDY. I am talking specifically about the M. & J. Motel. Did you ever make an arrest out at John Formusa's place?

Mr. KAMPO. I don't know who John Formusa is.

Mr. KENNEDY. Did you ever make an arrest at the M. & J. Motel?

Mr. KAMPO. Two years ago.

Mr. KENNEDY. Two years ago?

Mr. KAMPO. Yes, sir.

Mr. KENNEDY. Did you arrest anybody in connection with the ownership of that motel?

Mr. KAMPO. The only thing I know is that the sheriff was with us, the chief investigator was with us, he made the arrest and took the two women to Crown Point.

Mr. KENNEDY. Was there ever an arrest made of John Formusa in connection with the operation of that motel?

Mr. KAMPO. How can I answer that question when I don't know Mr. Formusa.

Mr. KENNEDY. Did you ever find out who ran the motel?

Mr. KAMPO. No, sir.

Mr. KENNEDY. We were able to find out in 2 weeks when we were there. I am trying to find out if you performed and met your responsibilities.

Mr. KAMPO. I certainly did. I was there when I was told to be there. The arrest was made. Mr. Conroy and the sheriff's department went on to Crown Point and I was sent home.

Mr. KENNEDY. But you never made any arrest in connection with the pinball operations?

Mr. KAMPO. Never.

Mr. KENNEDY. You never made an arrest in connection with the bookies' operations?

Mr. KAMPO. No, sir.

Mr. KENNEDY. Tell me this: Isn't there a bookie operation right next door to your place of business?

Mr. KAMPO. Yes, sir. It has been there for years.

Mr. KENNEDY. Have you made an arrest there?

Mr. KAMPO. No, sir.

Mr. KENNEDY. That is all.

Senator CURTIS. Have you ever made a report of that to the prosecutor?

Mr. KAMPO. No, sir.

Senator MUNDT. Let me find this out: As I understand your function, you don't make any arrest or investigation on your own; you simply carry out the orders of Mr. Holovachka.

Mr. KAMPO. Yes, sir; at the direction of the office.

Senator MUNDT. So if Mr. Holovachka is a good, conscientious public servant, then you are rendering a good public service. If, perchance, Mr. Holovachka is involved with a group of pinball operators or crooks, it is conceivable that you might be following out his orders and rendering a service which is detrimental to the public, is that right, because you just follow his orders?

Mr. KAMPO. Yes, sir; that is the law of the investigator. He follows instructions of the office.

Senator MUNDT. If there are any assumptions as far as you are concerned, you could be an appropriately fine, upstanding furniture dealer——

Mr. KAMPO. Which I am.

Senator MUNDT. I don't doubt that. But I want to point out to you that since all you do is carry out his orders, you could render a helpful public service or an injurious one, depending upon what motivates his orders; is that correct?

Mr. KAMPO. That is correct.

May I say one thing? Mr. Kennedy just dropped a note where I heard some of these gentlemen operating on the side, that my furniture business is next door to a bookie establishment. I had as much control of that bookie establishment being there, as much as he could stop a mobster from living next door to him or having a call girl service office go next door to him.

Mr. KENNEDY. You don't have any jurisdiction to make an arrest?

Mr. KAMPO. The law is that I move under the direction of the prosecutor.

Mr. KENNEDY. Did you talk it over with the prosecutor?

Mr. KAMPO. I have never talked to the prosecutor, sir.

Mr. KENNEDY. Don't you think it is incredible that here is an open violation of law right next door to you and you have never made an arrest and the public prosecutor has never made an arrest?

Mr. KAMPO. I think Victor Riesel said that there wouldn't be a bookie existing in America today if the mayor and chief of police in any city in any part of the States in this United States of America wanted them closed down.

There are 150 policemen in my hometown. I am but one investigator, and I move at the insistence of the office.

Mr. KENNEDY. All right, and it is right next door to you. It is still operating.

Mr. KAMPO. And it probably will. I don't know. I can move out of there. I beg your pardon. I want to change that.

The bookie establishment moved away, and Mr. Sinclair knows that because that is one of the questions he asked me, moved away about 6 or 8 months ago. Let me tell you, on that building was a big sign where it moved to, and he asked me the question do I know where it was?

I would have to be blind, Mr. Kennedy, not to see a 4-by-8 sign telling where the bookie establishment moved to.

Mr. KENNEDY. If we ever wanted proof of what the situation is in Lake County, you have given it to us, Mr. Kampo. I appreciate your testimony.

Mr. KAMPO. It is the police department's job and the mayor's job in my hometown. Sir, I beg your—

Senator MUNDT. Doesn't the county prosecutor have any responsibility in this?

Mr. KAMPO. Senator, I would like to tell you this: that I have been—

Senator MUNDT. Answer my question, first.

Mr. KAMPO. What was the question?

Senator MUNDT. Doesn't the county prosecutor have any responsibility in cleaning up these places?

Mr. KAMPO. I assume he does; yes, he does.

Senator MUNDT. Doesn't he have the right to order you to go in and investigate it?

Mr. KAMPO. From what I understand, it is that if there are any complaints, he will absolutely do something about it.

Senator MUNDT. He has the right to order you to make an investigation?

Mr. KAMPO. Yes, sir.

Senator MUNDT. But you don't have the authority to go snooping around on your own and report back?

Mr. KAMPO. Absolutely right. By law. It is in the Burns' statutes.

Senator MUNDT. So when we are working on Mr. Holovachka, we are working on the man who has some responsibility.

Senator CURTIS?

Senator CURTIS. What is the official title that you hold?

Mr. KAMPO. Investigator.

Senator CURTIS. Did you receive some credentials?

Mr. KAMPO. Yes, sir.

Senator CURTIS. Do you have them with you?

Mr. KAMPO. Let me look. I may have them in my bag at the hotel. I think I have a card.

Yes, sir.

Senator CURTIS. May I see it?

Mr. CAMPO. Yes.

Senator MUNDT. While he is examining the card, Mr. Kampo, will you tell us on what basis you are paid? Are you paid by the jobs you do, or are you paid so much a year, so much a month, or what?

Mr. KAMPO. The investigator's salary is set by the Indiana statutes at \$5,000 per year.

Senator MUNDT. You get \$5,000 a year?

Mr. KAMPO. Yes, sir.

Senator MUNDT. How much time do you devote to the job?

Mr. KAMPO. Any time that the chief investigator or the chief deputy or the prosecutor called me, I was there. I would say that I would spend at least, it would average out, three 8-hour days in a week.

Senator MUNDT. Do you work out of your furniture store or out of the prosecutor's office?

Mr. KAMPO. I work out of the prosecutor's office and my store. If I am called at the store or at my home, I will appear when they tell me to.

Senator MUNDT. It is something like a volunteer fire department out in South Dakota.

Mr. KAMPO. Very similar, but you get \$5,000 for it.

Senator MUNDT. But you are subject to call.

Mr. KAMPO. Yes, sir; at any hour, any time during the day or night.

Senator MUNDT. If they don't call you during the year, you still get your \$5,000 and you have fulfilled your duties, but if they call you every day of the week you go.

Mr. KAMPO. Yes, sir.

Senator CURTIS. This says:

This is to certify that Michael J. Kampo is a member of the staff of the prosecuting attorney, 31st judicial district, Lake County, Ind.

Witness my hand and seal, 1959.

LLOYD C. VANCE,  
*Prosecuting Attorney,*  
*Lake County, Ind.*

Mr. KAMPO. Mr. Vance took office January 1, 1959, sir.

Senator CURTIS. He is the successor to Holovachka?

Mr. KAMPO. Yes, sir.

Senator CURTIS. Do you have any other credentials?

Mr. KAMPO. I have a badge. I carry a badge with me, sir.

Senator CURTIS. And a badge?

Mr. KAMPO. Yes, sir; and that is all.

Senator CURTIS. But do you have any other document that describes what your duties are?

Mr. KAMPO. I have a copy here of Burns' statutes.

Senator CURTIS. Of what?

Mr. KAMPO. Of Burns' statutes, the laws that were enacted in the legislature at Indianapolis.

Senator CURTIS. May I see that?

Mr. KAMPO. Surely.

Senator MUNDT. Does the law provide that you operate only at the direction of the prosecuting attorney, or is that arrangement worked out by the prosecuting attorney?

Mr. KAMPO. Well, it has been arranged by the prosecuting attorney, but it specifically says in the item there that the Senator is now reading. It is the law in Indiana.

Senator MUNDT. The law says that you cannot make investigations on your own?

Mr. KAMPO. I beg your pardon. It says at the direction of the prosecuting attorney, that investigator will obtain evidence and data pertaining to the successful prosecution of any criminal case.

Senator MUNDT. What does the prosecuting attorney tell you in his directives? Does he tell you that you are only to operate "under orders from me" on specific cases, or does he tell you to "go out and get whatever evidence you can get and bring it in and let me sift it?"

Mr. KAMPO. Everything I have been doing I have been told to, interrogating witnesses of abortion cases, going out to carnivals where the people in neighborhoods have complained about them, prostitution, many things like that.

Senator CURTIS. You say you probably work about 3 days a week?

Mr. KAMPO. I would say basing it on 8 hours, three 8-hour days a week.

Senator CURTIS. What cases did you investigate in May 1959?

Mr. KAMPO. May in 1959?

Senator CURTIS. That is this year.

Senator MUNDT. Last month.

Mr. KAMPO. That is just a month ago.

Senator CURTIS. Yes. This is the 4th day of June.

Mr. KAMPO. I was told to go out into the Black Oak area at 25th and Colfax, that there was a house of prostitution going on.

Senator CURTIS. Who told you that?

Mr. KAMPO. Mr. Conroy.

Senator CURTIS. Mister who?

Mr. KAMPO. Conroy.

Senator CURTIS. What is his title?

Mr. KAMPO. Chief investigator. Mr. Holovachka did not direct me.

Senator MUNDT. Mr. Holovachka is out of it now, isn't he?

Mr. KAMPO. No; Mr. Conroy, the chief investigator, I take my orders from him also.

Senator MUNDT. When did Holovachka go out of office?

Mr. KAMPO. December 31, 1958. I beg your pardon. Yes, December 31, 1958.

Senator MUNDT. Is he still in the prosecutor's office?

Mr. KAMPO. No. He is chief deputy.

Senator MUNDT. To Mr. Vance?

Mr. KAMPO. Yes, sir.

Senator MUNDT. So he is still there and can still give you orders?

Mr. KAMPO. Any member of the staff can give me orders, sir.

Senator CURTIS. You were talking about this one investigation. What happened?

Mr. KAMPO. We were out there at night and it was all dark, and we sat in the car for a while. A car drove up with a couple of kids in it and we asked them some questions and asked them what they were doing there. They told us. I guess they were frightened by us showing our badges. We just told them that there is no such place; it is closed up. They left. We stayed there another hour, but that was the only car that came in. I went on home.

Senator CURTIS. What else did you investigate in May?

Mr. KAMPO. That was about the extent of the work that we had.

Senator CURTIS. What did you do in April?

Mr. KAMPO. In April we had gone out on a case pertaining to the sale to a youngster. A lady from the St. John PTA, a school locally, said that she was under suspicion that there were some liquor and beer sold to some youngsters. The place is just a block away from my home. So I sat out in a car from 10 to 11:30 and I saw no youngsters walking in the place.

Senator CURTIS. That complaint came from whom?

Mr. KAMPO. A lady that belongs to St. John PTA.

Senator CURTIS. Did you clear that with the prosecutor's office?

Mr. KAMPO. I called Mr. Conroy and he just told me to sit and watch them, and if there is anything developed to call him back and let him know and he would get in touch with Mr. Floyd Vance.

Senator CURTIS. Have you ever completed an investigation or made any arrest without specific directions?

Mr. KAMPO. Never, sir; never.

Senator CURTIS. You have been near where offenses have been committed?

Mr. KAMPO. Such as the one I just mentioned.

Senator CURTIS. Why haven't you volunteered any services or made any arrests or completed any investigations and turned the information over to your superiors?

Mr. KAMPO. Because, sir, as I said before, that I take orders from the prosecutor, the chief deputy prosecutor, or the chief investigator, or any other prosecuting attorney that is a deputy, if they will so want me to.

Senator CURTIS. But you don't assume any responsibility yourself?

Mr. KAMPO. No, sir.

Senator CURTIS. This statute that you handed me says that,

Any such investigator so appointed shall give bond in the sum of \$5,000.

You have done that, have you?

Mr. KAMPO. Yes, sir.

Senator CURTIS (reading):

\* \* \* and shall have and possess the same police powers within the county authorized by law to all police officers.

That is the power you have.

Mr. KAMPO. Well, I have never used it. I have used it only at the discretion of the office.

Senator CURTIS. I see. It is power put under wraps.

Mr. KAMPO. There must be 150 policemen in Hammond, sir, that passed this bookie joint that Mr. Kennedy talked about. They do nothing about it either, and they have as much power as I have.

Senator CURTIS. That is right. It says equal power. It says

shall have and possess the same police powers within the county authorized by law to all police officers.

They have the power there, but is it true that everybody is under wraps and won't move unless directed?

Mr. KAMPO. I don't know. I would only move when I was told to. That was the understanding I had when I took the job, from my superiors.

Senator MUNDT. Who told you that that was the limitation put on you?

Mr. KAMPO. I just took it for granted, sir, that that is when I move.

Senator MUNDT. You must have read the statute. You brought it along with you.

Mr. KAMPO. Yes, I did.

Senator MUNDT. What do you think that meant, when it says that you had the power to make arrests?

Mr. KAMPO. Let me tell you, I didn't read it completely through.

Senator MUNDT. If you are going to submit documents, you should read them first.

Senator CURTIS. Somebody underlined a part for you, but they should have underlined that. You underlined

who shall work under the direction of the prosecuting attorney, whose duties shall be to conduct such investigations and assist in the conducting and assembling of such evidence as in the judgment of the prosecuting attorney may be necessary for the successful prosecution of the criminal offenders of the county.

It is true that it put you under the direction of your superiors, but it also gives you the authority of all police officers. I just wonder if a situation exists there where the taxpayers pay police officers, but not for protection prescribed by law, but for such protection as they are told to extend. Is that what it amounts to?

Mr. KAMPO. Well, sir, as I said previously, I always took orders from the office, from my superiors. That is exactly what I did. I thought it was the right thing to do.

It is just like I mentioned to Mr. Kennedy, that he has his investigators and he orders them to do whatever he deems necessary and they do it. I don't think they question him.

Senator CURTIS. Do you know these bookies that were next door to you?

Mr. KAMPO. I have had this business of mine there for 10 years. I understand the bookie place was in the same location for 15 years.

Senator CURTIS. Did you know the man?

Mr. KAMPO. He has been in my store. He has been a customer. My salesmen have sold him. I sold him a television set at one time.

Senator CURTIS. Did your place of business ever sell him anything for his place of business?

Mr. KAMPO. No, sir; not that I know of.

Senator CURTIS. Were you ever in there?

Mr. KAMPO. Never.

Senator CURTIS. Do you know anybody connected with the numbers racket?

Mr. KAMPO. No, sir. I don't even know what the numbers racket is about.

Senator CURTIS. Are you qualified to hold your job?

Mr. KAMPO. I think so. I am a college graduate, a former school teacher, a businessman. I think there is some qualifications.

Senator CURTIS. How many of the police officers that possess the same power that you do do not know what the numbers racket is about?

Mr. KAMPO. Well, sir, to my knowledge there is no such thing in Hammond, Ind., where I live. I would swear to that, absolutely.

Senator CURTIS. Any such thing in Lake County?

Mr. KAMPO. I have heard, but I don't know. I positively don't know for sure.



Senator CURTIS. Did you know that your authority extends to all of Lake County?

Mr. KAMPO. Yes, sir.

Senator CURTIS. Do you know any of these people that Mr. Verplank described as some 200 runners for the numbers racket?

Mr. KAMPO. No, sir.

Senator CURTIS. Mr. Chairman, this copy should be returned to the witness, but I would ask that a copy be made and be incorporated into the record at this point. It is not long.

Senator MUNDT. Without objection, it will be printed in the record at this point, and the original returned to the witness.

(The document referred to follows:)

49-2514. INVESTIGATORS IN CERTAIN COUNTIES—APPOINTMENT—DUTIES—BOND—COMPENSATION.

The prosecuting attorney of any county of this state having a population of eighty-five thousand (\$5,000) or more according to the last preceding United States Census, is hereby authorized to appoint one (1) or more investigators with the approval of the county council, who shall work under the direction of the prosecuting attorney and whose duties shall be to conduct such investigations and assist in the collecting and assembling of such evidence as, in the judgment of the prosecuting attorney, may be necessary for the successful prosecution of any of the criminal offenders of the county.

Any such investigator so appointed shall give bond in the sum of five thousand dollars (\$5,000.00) and shall have and possess the same police powers within the county authorized by law to all police officers.

In each county having a population of more than ninety-five thousand (95,000) according to the last preceding United States census, the salary or other compensation to be paid each such investigator shall not exceed the sum of six thousand dollars (\$6,000) in any one (1) year, and in each county having a population of less than ninety-five thousand (95,000) but more than eighty-five thousand (\$5,000) according to the last preceding United States census, it shall not exceed the sum of three thousand dollars (\$3,000) in any one (1) year:

*Provided*, That in counties having a population of not less than three hundred thousand (300,000) nor more than four hundred thousand (400,000) according to the last preceding United States census and in which counties are located three (3) or more cities in the second class, and which county comprises in itself a judicial circuit, the prosecuting attorney thereof is hereby authorized to appoint, without the approval of the county council, not to exceed four (4) such investigators, and said prosecuting attorney shall fix the amount of salary to be paid such investigators which salary shall not exceed the sum of five thousand dollars (\$5,000.00) per year for each investigator; and

*Provided further*, That within thirty (30) days after the passage of this act and upon application therefor made by the prosecuting attorney of said last described judicial circuit, the county council of said county shall meet and appropriate as an emergency additional appropriation for the year 1951, the amount requested by said prosecuting attorney for such investigators.

Senator CURTIS. This is a section out of Indiana law?

Mr. KAMPO. Yes, sir.

Senator CURTIS. Who prepared it for you?

Mr. KAMPO. A friend of mine.

Senator CURTIS. Who was it?

Mr. KAMPO. Mr. Singer.

Senator CURTIS. Who is Mr. Singer?

Mr. KAMPO. He is a friend of mine who is a pretty good writer. And he is also on the Alcoholic Beverage Commission.

Senator CURTIS. And you have no doubt that this is the correct law?

Mr. KAMPO. Yes, sir. It is the correct law.

Senator CURTIS. They will see that you get that back.

Senator MUNDT. Would you assume that the other 21 investigators—

Mr. KAMPO. I didn't say 21 investigators. There is a staff of 22.

Senator MUNDT. How many investigators?

Mr. KAMPO. Four investigators.

Senator MUNDT. Four?

Mr. KAMPO. Yes, sir.

Senator MUNDT. The other three, then, operate on the same basis as you do, only under direction?

Mr. KAMPO. I assume so; yes, sir.

Senator MUNDT. So that law enforcement in Lake County, Ind., is good or bad, depending not upon what the investigators do, but upon what they are told to do by the prosecuting attorney, and by what the prosecuting attorney himself does; is that correct?

Mr. KAMPO. Senator, I want to tell you this: You say the prosecuting attorney told the investigator. In the 6 years that I have been on the staff, Mr. Holovachka, Mr. Vance, and Mr. Conroy, so help me God, have never asked me to do an unethical or unfair or dishonest thing.

Senator MUNDT. You misunderstood my question. I say law enforcement in Indiana, in Lake County, and the eradication of crime, is good or bad, not depending upon the investigators, but what they are told to do in the nature of investigating; is that correct?

Mr. KAMPO. Yes, sir.

Senator MUNDT. You would know; is that correct? That is a statement you can answer "yes" or "no."

Mr. KAMPO. Yes, sir.

Senator MUNDT. I would not ask you to say that they told you to do something unethical. The question this committee has to resolve with the witnesses called before us, and the evidence picked up by investigators, is whether or not the prosecuting office is in league with this crime syndicate which the evidence indicates is driving independent operators out of the field, establishing a gambling monopoly, and using the take from that monopoly to destroy honest law enforcement in Lake County. That is what we are trying to find out. You can be used as a dupe, or you could not be used at all; you could carry out certain functions and do nothing wrong, so far as you are wrong. In fact, it is quite proper that you arrest an independent law violator.

We want to find out whether or not they arrest law violators who belong to the syndicate or whether or not there is a payoff under the table; whether or not all of this folding money that came in to build a man's home, \$40,000 in \$10 and \$20 bills is a legitimate operation or whether or not this is fraud. Those things you are probably not competent to testify to, as it is beyond the purview of your information.

Mr. KAMPO. Senator, that is the thing I am confused on. Mr. Kennedy said himself, by his own admission, that I didn't belong here; I didn't have to testify.

Senator MUNDT. Wait a minute. He said he didn't think you had to come, because in connection with the other evidence before the committee the fact that you had ordered a minor—and this is where you come into the picture—to go in and buy some beer packs from an independent operator wasn't a tremendously significant piece of information. But it did fit into the pattern of other information we had

that they were arresting independent law violators and protecting those belonging to the gang.

So you are a very appropriate witness. You have been very helpful. There was no attempt on our part to indict you at all except to find out whether perhaps you might be being used, and not knowing about it, no reason to know anything about it, in connection with the performance of your duties, but being steered to perform your duties only in a certain direction.

Mr. KAMPO. Let me ask you this, then, Senator: As this article states—and Mr. Kennedy says by his own admission that I didn't have to testify—when I go back home who is going to be responsible in telling the people that I didn't belong here?

Mr. KENNEDY. I am not saying you don't belong here, Mr. Kambo. You do belong here, and I am very happy that you came. I made a mistake by not having you called before the committee. The staff recommended that you be called. I did not feel your testimony was that important. I was wrong, as your testimony has developed. You are extremely important. If I had had this opportunity of talking to you at length, I definitely would have called you.

Mr. KAMPO. Then your investigators did not do a job.

Mr. KENNEDY. Yes; they did. It was my mistake. I didn't follow to find out how very important your testimony has been to this committee.

You testified that you have been out there in law enforcement for 6 years but have never raided a bookie joint. You have been living right next to a bookie joint, but you never raided that. You never raided any gambling establishment. You never raided any pinball operations, and you don't even know who Johnny Formusa is.

Mr. KAMPO. No; I don't.

Mr. KENNEDY. I think that is of great significance and extremely important to the committee. I am very happy that you had the opportunity to testify and that you wanted to come and testify and correct my judgment.

Mr. KAMPO. I certainly did. I would like to ask the Chair if this prepared statement that I made——

Senator MUNDT. How long a statement is it?

Mr. KAMPO. It is exactly 1 minute, 45 seconds.

Senator MUNDT. Go ahead and read it, without objection.

Mr. KAMPO. Thank you.

Gentlemen, first I would like to preface my statement by saying that I appreciate and am in accord with the efforts of this committee in informing the public and obtaining information to aid in the enactment of legislation to curb improper activities in labor and management.

I would like the members of this committee to know that I feel that I have appeared today as a voluntary witness. The committee's investigator, Mr. Sinclair, handed me a subpoena on March 9, and some 5 weeks later came into my place of business with the committee attorney, Mr. Duffy, and asked me if I wished to surrender my subpoena.

I sincerely hope that the investigator representing this committee was prompted by a genuine desire to employ my testimony in the manner of being of assistance to the true purpose of this committee rather

than permitting me to be the butt of gossip and lies manufactured by political enemies.

I am, in my opinion, a typical American, of Slovak descent. My parents worked hard to provide me with an education through public schools and college. I served my country in World War II, taught school for a time, built a fairly sized furniture business, and entered into political life.

I hope I typify the type of person that we consider desirable in public life. I served my community for 9 years as chairman of our city's political organization with as much sincerity, integrity, and honesty as any member serving on this Senate committee.

I have watched this committee and others on television. I have seen all types of people before the cameras. I finally realize that some innocent people, like myself, suffered irreparable damage in their hometowns because of public indictment by hearsay and association. Unfortunately, perhaps, because of the magnitude of this effort, people became confused. To prove a point, I have brought clippings from my hometown newspaper of last Sunday and Tuesday, concerning my appearance before this committee. Today by association in these articles, I am linked with the second ranking underworld figure in Chicago and other mobsters of that ilk.

Gentlemen, I don't know these men, never met them, never associated with them, and, to the best of my knowledge, never saw them before.

In conclusion, I want to say I realize that this is not a court of law, and unfortunately the people at home will not judge my appearance here today by a verdict of guilty or not guilty.

But by the mere fact that I am here appearing before this committee they will point their finger of suspicion at me and my family for many years to come. It is my opinion, and I am certain the opinion of many other fairminded people, that you have a tremendous responsibility in selecting the people summoned here.

I hope for the sake of your individual consciences you have weighed the results of your inquiries against the damage resulting to the innocent bystander.

Senator, I want to thank you from the bottom of my heart for the opportunity.

Senator MUNDT. Does anybody else have any questions?

Thank you for your testimony.

Mr. KENNEDY. What was the name of the bookie?

Mr. KAMPO. Next door?

Mr. KENNEDY. Yes.

Mr. KAMPO. I don't know whether it is called Newmann's Cigar Store or just The Cigar Store.

Mr. KENNEDY. Fred Newman?

Mr. KAMPO. He is the owner, but I don't know what the name of the place is.

Mr. KENNEDY. What was the address of his place?

Mr. KAMPO. Well, my address is 556 State Street.

Mr. KENNEDY. And he was right next door?

Mr. KAMPO. Yes, sir.

Mr. KENNEDY. Mr. Kampos, if you saw somebody robbing a place of business, would you make an arrest?

Mr. KAMPO. I would assume so, but that is a situation that——

Mr. KENNEDY. You don't know?

Mr. KAMPO. I would say "Yes."

Mr. KENNEDY. But you are not sure?

Mr. KAMPO. You may as well be realistic about it. Maybe I would be scared. Who knows? Let's be frank about it. It is the situation. I would say under normal conditions, yes.

Mr. KENNEDY. Would you call up Mr. Holovachka first?

Mr. KAMPO. No, sir.

Mr. KENNEDY. You would just make the arrest?

Mr. KAMPO. I would probably call the local police because I would want some help.

Mr. KENNEDY. I see. OK.

Senator MUNDT. May I just suggest, Mr. Kambo, for what it is worth—you impress me as an honest, upright citizen.

Mr. KAMPO. Thank you. I still hope that the people in my hometown feel that way, sir.

Senator MUNDT. I hope so. I am inclined to think that you are working for some people who need a little bit of investigating, and we are going to do that. But that need not necessarily implicate you. But if you have any difficulty with the folks back home convincing them that you are upright, honorable, zealous about law enforcement, I think if you will take that statute that you brought to us, read it carefully, and then go ahead and exercise your responsibility as the Legislature of Indiana probably told you to do, and start making a couple of arrests, you may lose your job but you certainly will rehabilitate yourself with the good people of your community. I will tell you that.

Mr. KAMPO. May I have you clarify this, sir: Mr. Kennedy says he is glad I came. In the beginning he said that I did not have to testify. Here is the question: Why doesn't he get on the radio and say that Mike Kambo is a decent man; he knows the record, his investigators have been in my store. He did it for the mayor of Gary.

Senator MUNDT. He can answer if he wants to.

Mr. KENNEDY. You testified here before the committee. You made your statement. You have answered your questions. I think they reveal you and your capabilities far better than I could.

Mr. KAMPO. Fine. Thank you very much.

Senator MUNDT. I might say I believe you are on the air, so the folks back home ought to be able to judge this for themselves, including whether or not my suggestion to you as friendly advice has any merit.

Mr. KAMPO. Thank you very much, sir.

Senator MUNDT. We will recess until 10:30 tomorrow morning.

(Members of the select committee present at the taking of the recess were Senators Mundt and Curtis.)

(Whereupon, at 1:05 p.m., the committee recessed, to reconvene at 10:30 a.m., Friday, June 5, 1959.)



# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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MONDAY, JUNE 8, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 2:45 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator John F. Kennedy, Democrat, Massachusetts; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at time of convening: Senators McClellan, Mundt, and Capehart.)

The CHAIRMAN. All right, Mr. Kennedy, call the next witness.

Mr. KENNEDY. Mr. Chairman, in some testimony that was given last week, there was an error made in connection with an establishment that was owned by Mr. Morgano. It was stated at that time, and certainly partially because of the chief counsel, myself, at that time that the College Inn was located on the campus of Valparaiso University.

We found out subsequently, in a telegram from the president of Valparaiso University, that the location of the College Inn was just off the campus, and that the university itself had nothing to do with the College Inn and did not rent the property to Mr. Morgano.

So I thought if we could put in the exchange of telegrams that took place between the president of Valparaiso University and the telegram that went out over your signature in connection with straightening that record out, it would be a good idea.

The CHAIRMAN. This may be entered in the record without objection, so that it will correct the record.

(The telegrams are as follows:)

Senator JOHN F. KENNEDY,  
*Senate Rackets Committee,*  
*Senate Office Building, Washington, D.C.:*

Press and radio reports indicate that Harold Rader, deputy sheriff of Porter County, Ind., testified that College Inn on campus of Valparaiso University is

operated by Tommy Morgano. To set the record straight, College Inn is privately owned and not on the campus of Valparaiso University. Believe that the good reputation of Valparaiso University requires correction of testimony. Rader's testimony has been widely publicized in the Middle West. Would deeply appreciate the correcting statement from you.

O. P. KRETZMANN,  
*President, Valparaiso University.*

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Mr. O. P. KRETZMANN,  
*President, Valparaiso University,*  
*Valparaiso, Ind.:*

Thank you for bringing this matter to the attention of the committee. The record will be corrected at the next session of the committee to show that the property on which College Inn is located is privately owned and that the University of Valparaiso has no connection or responsibility of any kind for the inn or its management.

JOHN L. MCCLELLAN,  
*Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.*

Mr. KENNEDY. I might also say, Mr. Chairman, that in connection with Mr. Morgano, we have had some discussions with the Immigration and Naturalization Service over the weekend, and they are moving against Mr. Morgano, and I understand from information that I have received in the last half hour or so that they have already served Mr. Morgano with papers to show cause as to why he should not be deported from the United States.

I understand that he was served with those papers some time today, or Friday. So action is being taken by the Immigration and Naturalization Service in connection with that case.

Mr. Walter Conroy.

The CHAIRMAN. Mr. Conroy, will you come around, please?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONROY. I do.

### TESTIMONY OF WALTER D. CONROY

The CHAIRMAN. Please state your name, your place of residence, and your business or occupation.

Mr. CONROY. Walter Conroy. I live at 4309 Homerlee Street, East Chicago, Ind., and I am presently chief investigator for the prosecuting attorney's office of Lake County, Ind.

The CHAIRMAN. How long have you held that position, Mr. Conroy?

Mr. CONROY. Since January 1, 1953.

The CHAIRMAN. Who was prosecuting attorney at the time you took this position?

Mr. CONROY. Mr. Holovachka.

The CHAIRMAN. He is not the present prosecutor, I believe.

Mr. CONROY. No, sir.

The CHAIRMAN. What is the name of the present prosecutor?

Mr. CONROY. Floyd V. Vance.

The CHAIRMAN. Have you served in the position as chief investigator for that office continuously since you took the position?

Mr. CONROY. Yes, sir.

The CHAIRMAN. Do you waive counsel, Mr. Conroy?



Mr. CONROY. I do.

Mr. KENNEDY. Mr. Holovachka was the prosecuting attorney up until January of this year; is that right?

Mr. CONROY. Up until December 31.

Mr. KENNEDY. Of 1958; is that right?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. And Mr. Vance succeeded him?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. And Mr. Holovachka holds what position now?

Mr. CONROY. The chief; they just switched office; the chief deputy.

Mr. KENNEDY. Now, Mr. Conroy, we have had some testimony here over the period of the last 3 or 4 days in connection with the operations of the bingo-type of pinball machines, and the effect that it had on local No. 1, the local of Mr. John Testo, in Gary, Ind. Mr. Testo testified the first day and stated to the committee that ultimately, because of the pressure that was brought on him, they drove him out of business.

We have had the testimony of various witnesses regarding the fact that you made certain raids on locations that were owned by independent operators, while you failed to do so in connection with the locations where the machines of Mr. Welbourn and Mr. Sohacki were located.

I would like to ask you what procedures you followed as far as making raids or picking up machines were concerned? Do you make that determination yourself, as to where you should go and raid?

Mr. CONROY. No, sir.

Mr. KENNEDY. Now, for instance, we have had the testimony in connection with Mrs. Hagler, and she testified that you came out there in connection with her machines. Why did you happen to go to Mrs. Hagler's place of business?

Mr. CONROY. I worked under the direction of the prosecuting attorney, Mr. Holovachka. He told me to go to this particular address, and that they had a complaint there was a gambling machine there, particularly a pinball that was paying off, and to notify them to get the machine out and if they didn't get them out in a certain length of time, and I think it was 48 hours, that they would be confiscated.

Mr. KENNEDY. Now, Mrs. Hagler testified that the machine ultimately was removed based on the pressure that was brought by you, but it was immediately replaced by a machine which was owned by Mr. Sohacki and Mr. Welbourn.

Why didn't you move in then and confiscate that machine, of the Sohacki-Welbourn group?

Mr. CONROY. I wouldn't know if there was no order from the office.

Mr. KENNEDY. You mean you would never move in and confiscate any machines unless you were told to do so by Mr. Holovachka?

Mr. CONROY. That is right.

Mr. KENNEDY. Even though these machines were operating all around Gary and in Lake County, over 1,000 of these machines, you wouldn't take any action against them unless told to do so by Mr. Holovachka?

Mr. CONROY. That is right.

Mr. KENNEDY. Did you bring to his attention that these machines, that there were hundreds and hundreds of these machines active and

that they were the gambling type of equipment or machines? Did you bring that to his attention?

Mr. CONROY. I don't think it was necessary.

Mr. KENNEDY. He knew about it?

Mr. CONROY. I presume that he did.

The CHAIRMAN. Let me see if I understand you now.

According to the evidence before this committee—and I assume it is pretty well a conceded fact—there have been many of these machines in that area; is that correct?

Mr. CONROY. I couldn't say how many there were.

The CHAIRMAN. I didn't ask how many. I said there had been many.

Mr. CONROY. Oh, yes.

The CHAIRMAN. There was no doubt about that?

Mr. CONROY. No doubt.

The CHAIRMAN. With that fact you were fully acquainted?

Mr. CONROY. That is right.

The CHAIRMAN. Were they all illegal in their operation?

Mr. CONROY. Well, those that I went out to investigate would be.

The CHAIRMAN. I am sure of that. How were the others, just like them?

Mr. CONROY. Well, I didn't get any opportunity to investigate, because I wasn't sent in and I had no complaints.

The CHAIRMAN. About those you went out to investigate, did they take a great deal of your time?

Mr. CONROY. No; it all depended on the location and what you had to do.

The CHAIRMAN. It depended on the location whether it took you 30 minutes or an hour to attend to it?

Mr. CONROY. It didn't take an hour.

The CHAIRMAN. It didn't take an hour?

Mr. CONROY. Unless they were in transportation, it might take me longer.

The CHAIRMAN. What did you do with the rest of the time, with respect to the machines that you were not instructed to take out?

Mr. CONROY. I didn't do anything.

The CHAIRMAN. You didn't do anything with respect to the others?

Mr. CONROY. No, sir.

The CHAIRMAN. Even though they may have been operating in the same manner, and for the same purpose, you did nothing in an official capacity to stop their operations?

Mr. CONROY. Not unless we had a complaint, sir.

The CHAIRMAN. Unless you had a complaint, and the only complaint you recognized was one when the prosecutor told you to go out and do something about it?

Mr. CONROY. Yes.

The CHAIRMAN. That is the only source of complaint that you recognized?

Mr. CONROY. No, in the event I would see a violation, I would make an arrest, but I didn't get a chance to see any.

The CHAIRMAN. Did you ever make an arrest on a violation that you saw?

Mr. CONROY. I don't remember whether I did or not.

The CHAIRMAN. You mean in all of the time, now, that you were an officer there investigating, you don't recall any arrest you ever made on sight?

Mr. CONROY. No, sir.

The CHAIRMAN. Would you say from your observation, and from your knowledge and from your participating in it, that there was a discrimination, some gambling machines were permitted to run, and others were not?

Mr. CONROY. From my observation, I would say "No."

The CHAIRMAN. Why would you say no?

Mr. CONROY. Because I knew of nobody that was told to run or not to run.

The CHAIRMAN. I said were they permitted to run. I did not say told to run, I said permitted to run.

Mr. CONROY. Well, I can't answer that question, as to whether they were permitted or not.

The CHAIRMAN. Well, did they run?

Mr. CONROY. They were pinball machines in the county.

The CHAIRMAN. That were running?

Mr. CONROY. Yes, sir.

The CHAIRMAN. That you didn't take up?

Mr. CONROY. Well, I didn't get them all up.

The CHAIRMAN. You weren't told to take all of them up?

Mr. CONROY. No, sir.

The CHAIRMAN. Some you were told to take up and some you were not?

Mr. CONROY. Yes.

The CHAIRMAN. And those that you were not told to take up continued to run?

Mr. CONROY. Yes, and the only thing I could add to that is that sometimes the law in the State of Indiana was against the machines and sometimes it was for them. Not being a legal mind, I would take my advice from the prosecutor.

The CHAIRMAN. You simply carried out the prosecutor's advice?

Mr. CONROY. That is right.

Senator MUNDT. What is there about a machine in Indiana that makes some of them legal, and some of them illegal? Are they different types of machines or do they run their machines differently?

Mr. CONROY. Well, I don't think that they run any of them differently.

Senator MUNDT. In your opinion they are all illegal?

Mr. CONROY. No, I wouldn't say they were all illegal.

Senator MUNDT. Then they are all legal?

Mr. CONROY. Some cities have ordinances that permit them to operate under.

Senator MUNDT. Now we are talking about Gary?

Mr. CONROY. Gary, I don't know.

Senator MUNDT. You are an old experienced investigator, and policeman and board of education member. You know something about Gary's ordinances.

Mr. CONROY. I know a little bit about Gary.

Senator MUNDT. Are these machines legal or illegal in Gary?

Mr. CONROY. If they are operated as a gambling machines they are illegal.

Senator MUNDT. It is your impression that all of the machines there are being used for gambling purposes?

Mr. CONROY. I wouldn't say all of them, no. I said they could be used.

Senator MUNDT. Is there a different type of machine that is used for gambling from one which is not used for gambling?

Mr. CONROY. They have machines in there that are called flippers, that is the only name I know them by, and there is no recount on them as to whether it would register a game in the event that would hit the pinball.

Senator MUNDT. Is that the gambling type or the nongambling type?

Mr. CONROY. I would say it would be the type you couldn't gamble on unless you were betting head and head with somebody on the score.

Senator MUNDT. So if you found a machine that was a flipper, it was a legal machine?

Mr. CONROY. Yes, sir.

Senator MUNDT. If it is not a flipper, it is an illegal machine?

Mr. CONROY. It could be put in that category, it could be used for gambling.

Senator MUNDT. It would be set up so it could be used for gambling?

Mr. CONROY. Yes, sir.

Senator MUNDT. Now do you have a different type of ordinance against pinball gambling machines in the city of Gary distinguished from the county of Lake in which Gary is located?

Mr. CONROY. I don't know if Gary has a pinball ordinance.

Senator MUNDT. You don't know whether Gary has a pinball ordinance or not?

Mr. CONROY. No.

Senator MUNDT. You would have to know that, wouldn't you, if you were going to go out and enforce the law, would you not? You would have to know what the law is.

Mr. CONROY. I would be apprised of the law by the prosecutor, and he never told me whether they did or they didn't.

Senator MUNDT. He never told you whether they had a law or not?

Mr. CONROY. He was the boss, and I didn't question him as to any of his orders when he gave them to me.

Senator MUNDT. Do you have any jurisdiction outside of the city of Gary in the county of Lake?

Mr. CONROY. Yes, sir.

Senator MUNDT. You work for the county prosecutor?

Mr. CONROY. That is right.

Senator MUNDT. Could you arrest someone in the county or in the city?

Mr. CONROY. Yes, sir.

Senator MUNDT. But you were never told whether there was a law against gambling in the county or in the city?

Mr. CONROY. Well, as I stated before, from my own knowledge as a layman, I recall reading in the papers, and maybe in conversation with people in reference to what the State legislature would do in reference to pinballs, whether it would be the opinion of the attorney general or whether it was the legislature that would act on it or some

lower court. Just a conversation, I wouldn't know what decision they arrived at.

Senator MUNDT. You were under the impression, were you not, that there was a law of some kind against gambling pinball machines both in the county and in the city?

Mr. CONROY. In reference to gambling, it is illegal; yes.

Senator MUNDT. Whether there was a law against it you have never seen, or whether your boss told you of it or not, you went around under the impression that there was a law against these gambling machines?

Mr. CONROY. In the event that you caught them violating the law. They have changed the law here now, or there is another opinion on the law, until as far as possession was concerned, it wasn't illegal. But—

Senator MUNDT. But now it is?

Mr. CONROY. Now they are considered illegal by the present prosecutor, who would order the pinballs out, not through me, but he ordered the pinballs out of town, and gave them a certain length of time to get them out of there. Whether they are out or not, I don't know. I have been here. The case, as I understand it, is going before the Indiana Supreme Court.

Senator MUNDT. If it was considered illegal to have a pinball machine in your possession, can you tell me why you were ordered to take time out of the possession of certain places and not take them out of the possession of other places?

Mr. CONROY. Wherever a complaint would come to the office, Mr. Holovachka would inform me to go to a particular address, and I would go there. Whatever he instructed me to do I would do. In the event he wanted the evidence on the machine, and they would pay me off, I would play the machine and get what evidence there was, and then remove it.

Senator MUNDT. What would you do—walk into a place and buy a newspaper or a Coca-Cola or a package of gum and you saw a machine, a gambling machine on the premises? What would you do then?

Mr. CONROY. Well, if they were playing the machine and they paid them off and I seen the violation, I would arrest them.

Senator MUNDT. Did you ever do that?

Mr. CONROY. No, sir. I said if I seen the violation.

Senator MUNDT. Did you as a customer ever see such a machine in a place?

Mr. CONROY. Sir?

Senator MUNDT. Did you as an ordinary customer ever see a machine as you went in? Did you ever come across a machine and see it there?

Mr. CONROY. Yes, I would see machines around.

Senator MUNDT. Would you pick them up then?

Mr. CONROY. No. I had seen no violation.

Senator MUNDT. I thought you said the possession of the machine was a violation.

Mr. CONROY. That is what they say now.

Senator MUNDT. Now as of when? Today? Yesterday? Last week?

Mr. CONROY. No, I would say within the last 10 days, 15 days.

Senator MUNDT. Within the last 10 days?

Mr. CONROY. Somewhere around that time. Since the first of the year, we will say.

Senator MUNDT. Who makes that decision now, in the last 10 days or since the first of the year, whenever it occurred?

Mr. CONROY. The prosecuting attorney of Lake County, Mr. Vance.

Senator MUNDT. Mr. Holovachka?

Mr. CONROY. Mr. Floyd C. Vance, the prosecutor.

Senator MUNDT. He was the deputy under Mr. Holovachka?

Mr. CONROY. He was chief deputy; yes, sir.

Senator MUNDT. You don't know whether that occurred 10 days ago or 5 months ago?

Mr. CONROY. As to his order?

Senator MUNDT. Yes.

Mr. CONROY. He didn't give me the order. He went to the police department himself, I understand. He didn't tell me he went. I just heard that he went. There was an article in the newspaper.

Senator MUNDT. He didn't communicate with you, it seems to me, very much. You are a regular investigator, aren't you, getting \$5,000 a year?

Mr. CONROY. I am one of the four.

Senator MUNDT. You had the same type of job as the young man who came up and testified voluntarily one day last week?

Mr. CONROY. Yes, sir.

Senator MUNDT. Your job is exactly analogous to his?

Mr. CONROY. It is at the same level.

Senator MUNDT. We read into the record the law the other day that the State of Indiana had enacted, which gives you the same responsibility and the same authority as a police officer.

Mr. CONROY. That is right.

Senator MUNDT. That gives you some responsibility to operate on your own initiative, when you see a violation. If possession of the gambling machine is a violation, you walk in to make a purchase and see a machine there, you have a responsibility, don't you, Mr. Conroy?

Mr. CONROY. I would say "Yes."

Senator MUNDT. Have you ever exercised it?

Mr. CONROY. Not unless I seen the violation.

Senator MUNDT. Having the machine there is a violation now. It has to be a violation either of 10 days ago or 5 months ago. We are not quite sure because you haven't been told. But at least it is a violation now.

Mr. CONROY. According to the prosecuting attorney, in his opinion, it is a violation, the present prosecuting attorney.

Senator MUNDT. When did he take office?

Mr. CONROY. January 1, this year.

Senator MUNDT. Did he make that announcement soon after he took office?

Mr. CONROY. No. I think it happened within the last 30 days.

Senator MUNDT. Within the last 30 days?

Mr. CONROY. Yes, sir.

Senator MUNDT. Would you say it happened since this committee got interested in gambling in Gary?

Mr. CONROY. Well, I don't know when this committee got interested in gambling in Gary.

Senator MUNDT. When did we get interested, Mr. Counsel? Would this be within that period?

Mr. KENNEDY. We have been interested from November of 1958.

Senator MUNDT. I will put this question this way: Has our interest in the situation been reflected by contacts in Gary prior to this pronouncement by the prosecutor?

Mr. KENNEDY. As I understand it, these machines were picked up or declared illegal about 10 days ago, which was a couple of days after it was announced we were going to hold these hearings. But they have been illegal. There is a 1957 Indiana State law, passed by the legislature, declaring these machines, per se, illegal, pinball machines which award anything other than an immediate and unrecorded right of replay.

Senator MUNDT. That was passed in 1957?

Mr. KENNEDY. Yes, sir.

Senator MUNDT. And implemented in 1959, 10 days ago. That is awfully slow.

Mr. KENNEDY. It is impossible, Mr. Conroy, to go into most any place, a restaurant or a tavern, or almost any drugstore in Gary, Ind., or Lake County, Ind., without finding these machines, isn't it? You know that.

Mr. CONROY. There is machines around there. I won't say they are every place.

Mr. KENNEDY. All you have to do is go in and have lunch there and you will find they are making payoffs. That has been going on for 5 or 6 years while you have been in the office.

Why is it you have been around picking up certain people's machines and you haven't picked up the machines that belong to Mr. Sohacki and Mr. Welbourn?

Mr. CONROY. I don't know whose machines they were.

Mr. KENNEDY. You have gone into places, according to the sworn testimony before our committee, and just told the people they couldn't have the machines.

For instance, we have the testimony of Mr. Smaluk before this committee. He said he had had his machine unplugged for a week and still you came in and picked his machine up.

Mr. CONROY. That isn't true.

Mr. KENNEDY. You did not?

Mr. CONROY. No, sir.

Mr. KENNEDY. Did you ever see a payoff being made in Mr. Smaluk's place?

Mr. CONROY. I don't know where is Mr. Smaluk's place.

Mr. KENNEDY. In Roby's Tavern?

Mr. CONROY. It was hooked up in Roby's Tavern.

Mr. KENNEDY. Did you see a payoff?

Mr. CONROY. No, sir.

Mr. KENNEDY. Why did you pick up that machine?

Mr. CONROY. I was ordered to do so by the office.

Mr. KENNEDY. Did you have some kind of a writ?

Mr. CONROY. No, sir.

Mr. KENNEDY. Did you have anything from the court?

Mr. CONROY. No, sir.

Mr. KENNEDY. You did not. You were just told by Mr. Holovachka to go pick them up?

Mr. CONROY. That he had evidence that they were paying off on the pinball machines.

Mr. KENNEDY. Did you show the evidence to the owner of the tavern?

Mr. CONROY. No, sir.

Mr. KENNEDY. What did you do to the machine? Did you turn it over to the court?

Mr. CONROY. No. The machines—I don't recall just what happened to the machines.

Mr. KENNEDY. That belongs to those people. That doesn't belong to you. Where is the machine?

Mr. CONROY. I work for the prosecutor.

Mr. KENNEDY. Did you turn it over to the prosecutor?

Mr. CONROY. It would be in his possession.

Mr. KENNEDY. Where is the machine?

Mr. CONROY. I don't know where it is.

Mr. KENNEDY. Did you turn it over to him physically?

Mr. CONROY. No.

Mr. KENNEDY. Who did you turn the machine over to?

Mr. CONROY. One time I recall some trucking agency would be used to take them up, and I would have them pick them up.

Mr. KENNEDY. Where would they take the machines?

Mr. CONROY. To their storehouse.

Mr. KENNEDY. Are they in the storehouse now?

Mr. CONROY. I don't know what became of them.

Mr. KENNEDY. You don't know what happened to them?

Mr. CONROY. No. I could have taken them from there and brought them over to my home.

Mr. KENNEDY. Did you?

Mr. CONROY. I don't recall on that whether I did or didn't.

Mr. KENNEDY. Have you any machines in your home?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. How many machines?

Mr. CONROY. I think 11 or 12.

Mr. KENNEDY. Why do you have machines in your home?

Mr. CONROY. It is the only place to store them.

Mr. KENNEDY. Could you tell the committee what statute in the State of Indiana gives you the right to go and pick up machines and store them in your home?

Mr. CONROY. I am not an attorney. I only take orders from the man who knows the law.

Mr. KENNEDY. There isn't anything in the law that says that.

Mr. CONROY. I don't know.

Mr. KENNEDY. You have no right to go in and take somebody's property on that.

Mr. CONROY. I depend on what Mr. Holovachka's judgment on what the law is.

Mr. KENNEDY. Didn't it shock you that you have hundreds and hundreds of these machines around and you were only told to pick up certain machines?

Mr. CONROY. No, sir.



Mr. KENNEDY. Did it shock you that all of this gambling was going on in Lake County, Ind., and you weren't doing anything about it?

Mr. CONROY. No, sir. I have been there for 56 years and it has been going on since before I was born and after I am dead.

Mr. KENNEDY. Did you have the responsibility for 56 years?

Mr. CONROY. Staying alive.

Mr. KENNEDY. I see.

The CHAIRMAN. That might be a very significant statement. If you did your duty, would your life be endangered; is that what you are implying?

Mr. CONROY. No, sir.

Senator MUNDT. Did you ever pick up a machine from a place called Ed & Paul's Sportsmen's Club on Calumet Avenue?

Mr. CONROY. I wouldn't know it by that name. If they said I picked it up, I picked it up.

Senator MUNDT. Operated by a man named Matt Pohl?

Mr. CONROY. I didn't know their names, Senator. I would just have a number.

Senator MUNDT. Did you ever pick up any machines at a place and then after a while sort of recant, and put the machines back again?

Mr. CONROY. No, sir.

Senator MUNDT. You never took any machines out and let them go back in again?

Mr. CONROY. No, sir.

Senator MUNDT. You are sure of that?

Mr. CONROY. Positive.

Mr. KENNEDY. Have you ever read the law in connection with pin-ball machines?

Mr. CONROY. No, sir.

Mr. KENNEDY. Mrs. Kotlarz, who testified before the committee, runs a tavern called Blondie's Tavern. She testified that you told her when you came in to pick up the machines that she had the wrong kind of machines in there. Is that correct?

Mr. CONROY. That is not true.

Mr. KENNEDY. You did not?

Mr. CONROY. No, sir.

Mr. KENNEDY. And Mrs. Hagler stated that when you came in to pick her machines up, you told her that the machines from Gary, Ind., would be all right if she had those machines in there. Did you tell her that?

Mr. CONROY. No. I heard her testimony when I was at home.

Mr. KENNEDY. But you did not tell her that either?

Mr. CONROY. No.

Mr. KENNEDY. As I said, Mr. Smaluk said that at the time the machines were picked up, they were unplugged. That is Mr. Smaluk's testimony.

Mr. CONROY. There was none of the machines unplugged that I picked up.

Mr. KENNEDY. You didn't witness payoffs at all these places, as I understand, Mr. Conroy?

Mr. CONROY. No, not in all places.

Mr. KENNEDY. You were just told by Mr. Holovachka that he had had a complaint?

Mr. CONROY. That is right.

Mr. KENNEDY. Was it ever adjudicated as to whether there were actually payoffs made?

Mr. CONROY. In some cases; yes.

Mr. KENNEDY. Did you——

Mr. CONROY. Adjudicated? Do you mean taken to court?

Mr. KENNEDY. Yes.

Mr. CONROY. No, sir.

Mr. KENNEDY. There never was?

Mr. CONROY. No, sir.

Mr. KENNEDY. The people lost their machines just on your say-so that there was gambling. Don't they have a right to go to a court?

Mr. CONROY. They go to the prosecuting attorney.

Mr. KENNEDY. A number of them said they called you and were unable to get in touch with you.

Mr. CONROY. I don't know. Mr. Sinclair got in touch with me.

Mr. KENNEDY. That is from the representative of the committee, and I am talking about the citizens of Gary.

Mr. CONROY. I have gotten a lot of calls from people and they said, "You don't know who I am, but I know you, and I would like to get my machine back, and what do I do about it?" I would say, "Go and see the prosecutor."

Mr. KENNEDY. Did you have any law or did you ever see any law that gave you the right to go in and pick up these machines of these people, if you didn't witness a payoff yourself?

Mr. CONROY. Personally, you mean?

Mr. KENNEDY. Yes; did you ever see a law that gave you that right?

Mr. CONROY. I don't read the law.

Mr. KENNEDY. What is that?

Mr. CONROY. I don't read law, and I am not educated in law and I don't know how to interpret law, and I don't know a policeman that does.

Mr. KENNEDY. Were you ever told or did Mr. Holovachka ever tell you what right you had or show you where you had rights under the law of Indiana to go and pick up these machines and keep them in your basement or keep them in your home? Did he ever tell you where your rights under the Indiana law came from, in connection with that?

Mr. CONROY. I work for Mr. Holovachka, and I didn't question his judgment, and in the event he told me to do anything, I complied with his orders.

Senator MUNDT. Let me ask the question in this way: About how many of these pinball machines are you supposed to have picked up altogether, just these 11 that you mentioned, or have you picked up a lot of them?

Mr. CONROY. I picked up more than that.

Senator MUNDT. Just make us a kind of a rough educated guess.

Mr. CONROY. I would say 30, or 35.

Senator MUNDT. Now, you have 11 of them, or 12 of them, in your home. What happened to the rest of them?

Mr. CONROY. Well, the first group that was picked up, I don't remember what happened to them, and the garage was full.

Senator MUNDT. I mean your garage.

Mr. CONROY. Yes, sir. And I spoke to Mr. Holovachka about it, and he said, "Destroy them." I was getting a lot of calls from different people, politicians and whatnot, wanting to get these machines back, and I told them the only place they could get them back was to go and see Holovachka. So he said to get rid of the machines.

Senator MUNDT. What did you do then?

Mr. CONROY. They were destroyed and taken to the dump.

Senator MUNDT. You broke them up?

Mr. CONROY. Yes, sir.

Senator MUNDT. And threw them on the dump?

Mr. CONROY. Yes, sir.

Senator MUNDT. About how many were there?

Mr. CONROY. I would say 10 or 15.

Senator MUNDT. Then you have 11, and that accounts for about 26 of them.

Mr. CONROY. Still awaiting for an order to get rid of them.

Senator MUNDT. You don't know whether they are going to be destroyed or not?

Mr. CONROY. Whatever the boss says to do with them.

Senator MUNDT. Did anybody ever refuse to let you take the machine out, and you have to have a process of law to get them, and did anybody stop you from taking a machine?

Mr. CONROY. No; I am a pretty bad guy to try to stop and I have had a lot of arguments, and I have been a policeman for 15 years, and I have a good reputation as a policeman.

Senator MUNDT. You are like the Royal Canadian Mounties, you always get your machine; is that right?

Mr. CONROY. Or anything else I went after.

Senator MUNDT. Nobody ever stopped you?

Mr. CONROY. No, sir. Physically, no; and nobody tried to stop me.

Senator MUNDT. Did you fail to get the machine—and I don't mean they stopped you physically—but put up enough bluster so you said maybe you had better get a court order?

Mr. CONROY. I wouldn't have a job tomorrow if I did that.

Senator MUNDT. You always got them?

Mr. CONROY. Yes, sir.

Senator MUNDT. Did they ever take any legal action to get their machines back?

Mr. CONROY. No, sir; not that I know of.

Senator MUNDT. That you know of?

Mr. CONROY. No, sir.

Senator MUNDT. As far as you know no machine ever went back after it once got out and into your hands?

Mr. CONROY. No, sir; not to my knowledge.

Mr. KENNEDY. Did you have any court order giving you the right to destroy the machines?

Mr. CONROY. Just the boss.

Mr. KENNEDY. Those machines are worth some \$700 apiece, and what if those people sue you for the machines?

Mr. CONROY. I would depend upon Mr. Holovachka to defend me there.

Mr. KENNEDY. There is nothing in the statute that gives you the right to destroy the machines.

Mr. CONROY. I don't know anything about that; I don't know law.

Mr. KENNEDY. I will show you.

Mr. CONROY. It won't do any good, because I still won't understand it.

Mr. KENNEDY. It is section 10-2328, and it talks about when you can confiscate a machine, and it says:

Whoever shall violate any of the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction therefor shall be fined in any sum not less than \$25.00, nor more than \$500.00, to which may be added imprisonment for a period not exceeding six months. Upon the conviction of any offender for a violation of this Act, the court shall order the sheriff to seize any slot machine or gambling device prohibited by the Act.

This is after conviction; and were these people convicted?

Mr. CONROY. Not any that I picked up.

Mr. KENNEDY. You were very apt to be sued for 30 machines, for \$750 apiece, and that is about \$25,000.

Mr. CONROY. I was sued half a dozen times while I was a policeman, and nobody collected judgment.

Mr. KENNEDY. Do you know anything about the M. & J. Motel?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. Did you ever conduct any raids there?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. Did you ever close the place down?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. When was that?

Mr. CONROY. On several occasions, since 1954, and 1955; inmates were arrested and taken to J. P. court or to criminal court.

Mr. KENNEDY. What about 1955 and 1956?

Mr. CONROY. There were raids made there.

Mr. KENNEDY. Did you ever conduct any raids in the last year, 1958?

Mr. CONROY. Yes; I was over around there.

Mr. KENNEDY. I don't think that that is sufficient, that you are "over around there."

Mr. CONROY. Sometimes you can't get evidence. You know they are cheating around there, and you go over and you watch and observe them, and watch the cab drivers.

Mr. KENNEDY. Did you find out anything in 1958?

Mr. CONROY. None other than they would be cheating.

Mr. KENNEDY. What does cheating mean?

Mr. CONROY. Well, they would be violating the law.

Mr. KENNEDY. Did you make an arrest when you found they were violating the law?

Mr. CONROY. When I found them violating the law.

Mr. KENNEDY. You did make arrests in 1958?

Mr. CONROY. I don't remember.

Mr. KENNEDY. Did you make any arrests this year, in 1959, at the M. & J. Motel?

Mr. CONROY. No, sir.

Mr. KENNEDY. Did you make any arrests in 1957?

Mr. CONROY. Possibly.

Mr. KENNEDY. Do you know that you did?

Mr. CONROY. I wouldn't say that I did or I didn't.

Mr. KENNEDY. Did you arrest Mr. John Formusa who runs the place?

Mr. CONROY. No, sir; and I couldn't prove that he runs the place.

Mr. KENNEDY. Did you make an investigation or did you talk to him about it?

Mr. CONROY. I talked to him; yes, sir.

Mr. KENNEDY. What did he say?

Mr. CONROY. He denied that he had anything to do with the place.

Mr. KENNEDY. Where did you talk to him, and where did you question him?

Mr. CONROY. I met Formusa on the street, and another time up close to his home.

Mr. KENNEDY. What do you mean, "up close to his home"?

Mr. CONROY. I was driving up there in the area, and I went over to Metro's office and I went over to see Formusa.

Mr. KENNEDY. Did you go into his home?

Mr. CONROY. No; I wasn't in his home.

Mr. KENNEDY. Those are the only two times you questioned him?

Mr. CONROY. The only two times; yes.

Mr. KENNEDY. And he just denied having to do with it, and you met him once on the street and you met him once traveling around his home?

Mr. CONROY. That is right.

Mr. KENNEDY. Did you ever call him down to the headquarters?

Mr. CONROY. No, sir.

Mr. KENNEDY. Those are the only contacts you had with Mr. Formusa?

Mr. CONROY. Those are the only ones I remember knowing about.

Mr. KENNEDY. Did he ever call you on the telephone?

Mr. CONROY. It is possible.

Mr. KENNEDY. What would he call you on the telephone about?

Mr. CONROY. I wouldn't know, I couldn't tell you now what it was, and I don't remember what the conversation would be about, other than——

Mr. KENNEDY. Go ahead, other than what?

Mr. CONROY. Other than he might be trying to tell me that he didn't have anything to do with the place.

Mr. KENNEDY. Would he call you up and volunteer the information, "I don't have anything to do with the M. & J. Motel"?

Mr. CONROY. No; I was investigating around through different people, and cabdrivers and one thing and another, and anybody who knew anything about it to try to tie Formusa into the place.

Mr. KENNEDY. I don't know why it was so difficult with you, he told us when we interviewed him, and he said that he ran it, and we should make our money his way, and he was going to make his money his way, that is what he said to our investigator.

Mr. CONROY. He might have told you that, but he didn't tell me that.

Mr. KENNEDY. Did he call you on the telephone at all?

Mr. CONROY. He could have.

Mr. KENNEDY. What would he talk to you about?

Mr. CONROY. I wouldn't know what the conversation would be about. I couldn't relate it.

Mr. KENNEDY. Do you have a private number?

Mr. CONROY. Sir?

Mr. KENNEDY. Do you have a private number?

Mr. CONROY. Yes, sir; I have had it for 15 or 18 years.

Mr. KENNEDY. Is that published?

Mr. CONROY. No, sir; unlisted.

Mr. KENNEDY. Did Mr. Formusa have that number?

Mr. CONROY. I don't know, and I didn't give it to him.

Mr. KENNEDY. What is that number?

Mr. CONROY. Export 8-0022. I might as well list it now.

Mr. KENNEDY. Now, on September 2, 1958, there is a telephone call to that private number from Mr. John Formusa, at YE 8-5324. Could you tell us why he called you on September 2, 1958?

Mr. CONROY. The only reason that I would say I would call him——

Mr. KENNEDY. He was calling you.

Mr. CONROY. He could be calling me. What date is that?

Mr. KENNEDY. September 2, 1958, EX 8-0022.

Mr. CONROY. I don't know his number. In the event he called me, I couldn't tell you what it was.

Mr. KENNEDY. This is a call from him to your private personal number, and then on October 1, 1958, he called you again, January 2, 1959, he called you again, and on January 2, 1959—he called you twice.

Why was Mr. Formusa calling you twice in the beginning of this year?

Mr. CONROY. I don't recall what it was.

Mr. KENNEDY. Here is a man you say you only met twice, you were walking down the street once, and you met him touring around his house, and why would he be calling you at your private number?

Mr. CONROY. I wouldn't know, that is, I couldn't give you an answer now, because I don't know, and I don't remember any conversation with him. Mr. Formusa was trying to do a lot of things.

Mr. KENNEDY. What sort of things?

Mr. CONROY. Anything that he could get into, the racketeer and that is all there is to it.

Mr. KENNEDY. On January 3, 1959, he called you again, and on January 30, 1959, he called you again. Could you tell us what those were all about? What was he trying to get into when he talked to you?

Mr. CONROY. I wouldn't know.

Mr. KENNEDY. Well now, when we were out there, this place was going wide open and there wasn't any question about picking up any evidence, they made it very obvious, the M. & J. Motel.

Mr. CONROY. You let a policeman show up and you won't find no evidence.

Mr. KENNEDY. That was in December and January. I think it was in December we were out there. That is when we began this investigation. Mr. Formusa runs it and he told the committee staff he ran it.

Mr. CONROY. He never told the local authorities he run it.

Mr. KENNEDY. Even when he was calling you on these various occasions, he didn't tell you that?

Mr. CONROY. He denied he was running it.

Mr. KENNEDY. He called you up six or seven times to deny he was running the motel?

Mr. CONROY. I don't know how many times he called me up, and he may have called me and I wasn't home, and he may have been calling half a dozen times.

Mr. KENNEDY. You went to Hawaii, did you, last year?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. Did you pay for your ticket by cash; did you?

Mr. CONROY. Bank draft.

Mr. KENNEDY. Excuse me?

Mr. CONROY. It was a bank draft.

Mr. KENNEDY. Where did you get the money? It was \$2,000, was it not?

Mr. CONROY. I drew \$2,000 out of the savings account.

Mr. KENNEDY. What savings account?

Mr. CONROY. You have the records there now, and Mrs. Conroy withdrew it from the savings account, and you have two books, and two passbooks.

Mr. KENNEDY. Would you show us where it was withdrawn from? (A document was handed to the witness.)

The CHAIRMAN. Counsel presents to you what purports to be a bank passbook. Will you examine it and state whose it is, if you identify it?

I believe you have two books before you. Do you identify those bankbooks?

Mr. CONROY. Yes, sir.

The CHAIRMAN. Whose are they?

Mr. CONROY. They belong to my wife and I.

The CHAIRMAN. Do they represent a joint account, cover a joint account?

Mr. CONROY. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. Would you show me where it is that you withdrew the \$2,000 in cash?

Mr. CONROY. Well, I don't see it here. She withdrew it from there.

The CHAIRMAN. Those books may be made exhibits 7A and 7B. The pertinent parts of them may be photographed and placed on file as exhibits at this point. The original books may, at the proper time, be returned to the owner.

(Documents referred to were marked "Exhibits 7A and 7B" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. The records would show if there was a withdrawal of the \$2,000 in cash.

Mr. CONROY. It should show.

Mr. KENNEDY. It doesn't show. It doesn't show. Your bank records do not show that you withdrew \$2,000 in cash to pay for this trip. When was the trip made?

Mr. CONROY. 1957, I think.

Mr. KENNEDY. Did you buy a Mercury cruiser in 1957 also?

Mr. CONROY. Yes, sir.

Mr. KENNEDY. How did you pay for that?

Mr. CONROY. I paid cash.

Mr. KENNEDY. How much did you pay in cash for that?

Mr. CONROY. \$2,000.

Mr. KENNEDY. Where did you get that cash?

Mr. CONROY. I have money.

Mr. KENNEDY. Where did you have that cash?

Mr. CONROY. Well, I am not going to tell my secret hiding place, but I have money.

Mr. KENNEDY. That is \$4,000 in cash that you had in 1957. I am just trying to find out where it came from.

Mr. CONROY. I am sure, Mr. Kennedy, that the \$2,000 for the trip to Hawaii came out of the bank.

Mr. KENNEDY. The bank's records don't show that it came out of the bank. The bank's records would show it. We made an examination. The only withdrawal that you had from your bank account during the years that we looked at it was one withdrawal for \$50.

Mr. CONROY. No, sir. There is an error someplace. Mrs. Conroy went to the bank and got the money. That is what she told me. I never see these books. They are Mrs. Conroy's books.

Senator MUNDT. Could she have had the money in a safety deposit box?

Mr. CONROY. Yes; she has one.

Senator MUNDT. Could she have gotten it out of the safety deposit box maybe?

Mr. CONROY. I wouldn't know. She told me she got it out of the bank.

Senator MUNDT. It would be out of the bank either way.

Mr. CONROY. That is the reason I brought the books down. I brought them down and turned them over to Mr. Kennedy.

Senator MUNDT. If it came out of the bank, the bank's records would show it. If you are \$2,000 ahead and the bank is \$2,000 in the hole, that doesn't happen very often. That isn't the way they run a bank.

I am trying to be helpful. If she had a safety deposit box, that would be the bank, and she would get the money out of the bank. Would she have it in a safety deposit box?

Mr. CONROY. It is possible.

Senator MUNDT. Could you find out from her?

Mr. CONROY. I was under the impression——

Senator MUNDT. I say, could you find out from her?

Mr. CONROY. Yes.

Senator MUNDT. It doesn't look very sensible the way you have it in the books now. I want to get it straightened out.

Mr. CONROY. She is the boss of the dole, like everybody else's wife.

Senator MUNDT. Well, I wouldn't argue about that. But I am trying to help you out. Now you are telling us something which under oath I believe you think is the truth.

Mr. CONROY. I did.

Senator MUNDT. But the books from the bank don't bear out your testimony. It doesn't show that you made the withdrawal. If you could find out from your wife if she took it out of a safety deposit box, that would still be taking out of the bank. The box would be



in the bank. I think you should find out from her and put it in the record as part of your testimony.

FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF EAST CHICAGO,

*East Chicago, Ind., June 11, 1959.*

ROBERT KENNEDY,  
*Attorney, Senate Labor-Management Committee,*  
*Washington, D.C.*

DEAR MR. KENNEDY: This is to certify that on July 15, 1957, a withdrawal in the amount of Two Thousand and no/100 (\$2,000.00) Dollars was personally made from Savings Account No. 306 by Cora Conroy. This account is owned jointly by Walter Conroy and Cora Conroy.

On the same date a money order was purchased in the amount of Two Thousand Fifty-nine and 79/100 (\$2,059.79) Dollars by Walter D. Conroy and made payable to Kelso Travel Bureau, Inc.

FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF EAST CHICAGO,  
By CHESTER WLEKINSKI, President.

STATE OF INDIANA  
*County of Lake, ss:*

Subscribed and sworn to before me, a notary public, this 11th day of June 1959.

[SEAL]

STEPHANIE OBREMSKI, *Notary Public.*

My commission expires August 5, 1959.

MR. CONROY. I am going to find out where she got the dough.

SENATOR MUNDT. All right.

MR. KENNEDY. The \$2,000 that you had, did you keep that at home?

MR. CONROY. Yes, sir.

MR. KENNEDY. Did you have a box at home that you kept it in?

MR. CONROY. I have a place at home to keep it.

MR. KENNEDY. In 1956 you purchased a Ford. Did you purchase that with cash, too?

MR. CONROY. In 1956, I think that was a trade-in on a smashup.

MR. KENNEDY. You also paid cash, \$1,250.

MR. CONROY. Possibly. If you have the record, that is it.

MR. KENNEDY. Did that come from your box, too?

MR. CONROY. Yes. It either came from the box at home or maybe it came out of the safety deposit box, I don't know.

MR. KENNEDY. You do a considerable amount of your business in cash, Mr. Conroy?

MR. CONROY. Yes.

MR. KENNEDY. Does that all come out of this box?

MR. CONROY. No. Mrs. Conroy has money, too.

MR. KENNEDY. Does she keep it in her own box at home?

MR. CONROY. Well, 37 years I am married to that woman, I can't find it. But she has got it.

SENATOR MUNDT. Mr. Conroy, does your wife have an occupation of her own or employment of her own, a source of income of her own?

MR. CONROY. No. She has never worked since we were married.

SENATOR MUNDT. How does she get this money? She must get it from you.

MR. CONROY. No; she doesn't get it all from me. She has a mother who is 80-some years of age, who is worth a considerable amount of money.

SENATOR MUNDT. So she does have another source of income besides yourself?

Mr. CONROY. No; I wouldn't say it was income. I would say anything she wanted—she is the only child in the family and she only has to cry and her mother would do anything in the world for her. Me, too.

Senator MUNDT. I am trying to find out. Your wife does have another source from which she can get some money in her box other than your salary check; is that right?

Mr. CONROY. That is right.

Senator MUNDT. Your testimony is that on occasion her mother probably gives her some money?

Mr. CONROY. Probably, yes. She never tells me if she gets it.

Senator MUNDT. No. It is none of your business.

Mr. CONROY. That is right.

Senator MUNDT. OK.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. All right. Thank you. You may stand aside. Call the next witness.

Mr. KENNEDY. Mr. Holovachka.

The CHAIRMAN. Mr. Holovachka, come forward.

Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOLOVACHKA. I do.

### TESTIMONY OF METRO M. HOLOVACHKA

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. HOLOVACHKA. My name is Metro Holovachka. I live at 7321 Oak Avenue, Gary, Ind. I am a practicing attorney and the chief deputy prosecuting attorney of Lake County, Ind., at the present time.

The CHAIRMAN. You previously served as prosecuting attorney?

Mr. HOLOVACHKA. From January 1, 1953, to and including December 31, 1958.

The CHAIRMAN. And since 1958—what date did you say? Since that time you have been chief deputy prosecuting attorney?

Mr. HOLOVACHKA. That is correct, sir.

The CHAIRMAN. How long have you been a practicing lawyer?

Mr. HOLOVACHKA. Twenty-three years.

The CHAIRMAN. Thank you very much.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Holovachka, we have had some testimony here in connection with, first, the operations of local No. 1, Mr. John Testo, and the difficulties that he encountered in 1953, 1954, and 1955, and later, which ultimately led to the extinction of the union, local No. 1, I believe in 1957.

We have also had the testimony that there was concerted effort made to drive some of the independent operators out of business so that—

Mr. HOLOVACHKA. Pardon me. I don't want to interrupt, Mr. Kennedy, but can I handle this Testo situation, and tell you about Mr. Testo at this time?

MR. KENNEDY. I haven't asked a question yet. I am just giving you background.

The testimony that we have had is that there was a concerted effort made to drive some of the independent pinball operators out of business; that this was made on behalf of an operation which was run by Mr. Sohacki and Mr. Welbourn; and that they, in turn, made some gigantic profits during that period of time, due to the fact that they were able to get a monopoly—wait a minute—

MR. HOLOVACHKA. Pardon me, Mr. Kennedy. Are you putting a question to me, or is this a statement?

There are too many parts for me to that question—

MR. KENNEDY. I haven't completed the question. I will give you the question in a moment.

THE CHAIRMAN. What he is doing is reviewing the evidence that the committee has heard to give you the background, so that when the question is asked, you will know the context in which it is presented.

MR. HOLOVACHKA. Thank you, Senator.

MR. KENNEDY. And we have had testimony that they have been able to get a monopoly control of the pinball operation in Lake County, except for a couple of communities, and that they have been helped or assisted in this by representatives of your office, namely Mr. Conroy. We have also had testimony before the committee that you spent, in connection with the erection of your home in 1954-55, some \$43,000 in cash.

I would like to ask you in connection with our investigation where this cash came from, what the source of the cash was which was in the form of \$10 and \$20 bills.

Would you give that information to the committee, please?

MR. HOLOVACHKA. Although it is my legal opinion that I am not compelled to answer under the law any questions not pertinent to the scope of the resolution, I do, however, believe that I have a moral obligation as the former prosecutor of Lake County to answer to the citizens of Lake County, as well as my friends, to give answers to the vicious charges reflecting upon my community as well as upon my personal integrity, character, and reputation, by the press as well as before this committee, said charges having been made by inference, innuendo, insinuation, hearsay, and questions which are leading and suggestive of an answer, which would not be permitted in any court in our great country, as Mr. Robert Kennedy well knows.

I am willing to cooperate with the committee on all matters pertaining to the extent to which criminal or other improper practices or activities are or have been engaged in in the field of labor-management relations, or in groups or organizations of employees or employers, to the detriment of the interest of the public, as well as any questions pertaining to any purported rackets in Lake County, Ind.; but not upon matters which otherwise are contrary to law.

I would like to make a—

THE CHAIRMAN. Just a moment. May I inquire of the witness? Do you have a prepared statement that you wish to read?

MR. HOLOVACHKA. No, Senator. I do not have a prepared statement. I have some notes which I have made here, and I have an objection that I would like to make at this time.

THE CHAIRMAN. The Chair will hear you. Proceed.

Mr. HOLOVACHKA. I must respectfully object to answering the question for the reason that the question, as well as the information sought to be elicited by the question, is beyond the scope of the resolution creating this committee. It is beyond the scope of authority and power granted by said resolution. The resolution creating this committee is too indefinite, uncertain, and encompasses matters beyond the legislative powers of Congress.

Furthermore, there is no indication of the pertinency of the question nor the answer sought to be elicited within the scope of the authority granted by the Senate.

A congressional committee does not possess the power to examine private citizens indiscriminately in a mere hope of stumbling upon valuable information. Before a question is deemed to be pertinent to question under inquiry by a congressional committee, it must be established that the material sought or the answers requested related to a legislative purpose which Congress could constitutionally entertain, and that such material or answers fell within the grant of authority actually made by Congress to the investigating committee.

The CHAIRMAN. Just a moment. Are you reading a brief on the point you raise?

Mr. HOLOVACHKA. Your honor—pardon me, I am accustomed to speaking in court. Senator, this is a legal objection, and I feel that I have a right to make a legal objection.

The CHAIRMAN. You have a right to make a legal objection, and the Chair is going to indulge you for that purpose. I am just trying to ascertain whether you have a brief there that you are making an argument from.

Mr. HOLOVACHKA. No. This is my legal objection, Senator.

The CHAIRMAN. All right. May I say this to you, before we proceed further: The Chair, and I am sure every member of the committee, is fully aware of the functions of this committee, what it was established to do, its authority, its prerogative, and, in fact, its duty if it is to meet the task with which it is charged in the resolution. I don't want to deny you any right to which you are entitled. I want to grant you every proper consideration.

Mr. HOLOVACHKA. Thank you, Senator.

The CHAIRMAN. But I am going to ask you to be brief.

Mr. HOLOVACHKA. Congress is not permitted to expose, only to embarrass, and courts must find presence of valid purpose relating to lawmaking to justify compelled disclosure.

The power of Congress exists only to the extent to which such power is necessary to preserve and carry out legislative authority given, and that Congress has no general power of making inquiry into private affairs of citizens; for the further reason that the question and answer sought to be elicited are in violation of the legal rights of this witness as set out by the Supreme Court in the case of *Watkins v. United States*; for the further reason that the question and answer sought to be elicited are in violation of the witness' rights under the fourth amendment of the Constitution of the United States pertaining to privacy and unlawful searches and seizures.

The subpoenas served upon this witness are so broad, vague, and indefinite, that it would appear the investigators who had prepared the same were merely on a fishing expedition, and said subpoenas are illegal and contrary to law.

The witness has not been properly informed of the object of the inquiry and would appreciate being advised as to the specific subject of your inquiry today so that I may judge which of your questions are pertinent.

The CHAIRMAN. All right. At that point the Chair will place in the record the telegram.

May I ask this, while I am waiting for the telegram, on the basis of the objection you raise, particularly with respect to your last statement that you are not advised as to the nature of this investigation, may I ask you if you had counsel for a while, consulting with him about your rights and your appearance here before this committee?

Mr. HOLOVACHKA. Senator, I went in to see Mr. Rauh, if that is what you have reference to, and it was particularly with respect to the *Watkins* case. At that time, I conferred with him pertaining to the laws under which these congressional committees are governed.

At that time he had made an appointment with Mr. Kennedy. I was to meet with Mr. Kennedy. I would have met with Mr. Kennedy except in the meantime, Mr. Kennedy came to my community and while in Gary announced that he was going to have this investigation, and it was going to be a dramatic and spectacular one, and that I was to be a witness at the investigation.

And for that reason, I felt that I was being a whipping boy through the aid of Arnold Koontz of the Gary Post-Tribune here, who has persecuted me for a period of 7 years. I felt I could achieve nothing or accomplish nothing by meeting with Mr. Kennedy at that time.

I did not meet him. My counsel did not approve of my action. Therefore, I did not meet with Mr. Kennedy. It was for this reason that I didn't meet.

The CHAIRMAN. We understood that he was representing you, and he so advised me. We undertook to cooperate and work out a meeting so that you might discuss these things in detail with counsel before your appearance. After you declined to appear, the Chair sent you a wire. I am sending for a copy of it.

In that wire, I advised you of the nature of some of the matters involved in the investigation.

While we are waiting for the telegram, the Chair will make this statement: Those who read the record, certainly, who may have any legal responsibility in connection with it, will take judicial notice of what the resolution establishing the committee provides. The duty imposed upon the committee includes the investigation of improper practices in labor or management relations. In this case, as the counsel has summarized, and the Chair was not here at all of the hearings but I was here at part of them, and particularly with respect to the testimony that there was established a union, a labor organization, the membership of which was composed of people who either owned or who worked on or worked for those who operated and kept in their place of business these pinball machines.

That union was established. According to testimony that came before this committee, there then moved into that area, into the Gary, Ind., community, some outsiders, I believe from Chicago—am I right, Mr. Counsel?

Mr. KENNEDY. At least one of them was from Chicago, and then, Mr. Chairman, not only in the pinball operations, but the other opera-

tions in Gary, bringing in outsiders from both Chicago and Los Angeles, or Los Angeles.

The CHAIRMAN. At any rate, they moved in from outside and undertook to compete with the so-called independent machines which, in that instance, were machines that were under the union, or where the union had membership operating them and working on them, and they were successful in that they succeeded in putting the union out of business.

The testimony further shows that your chief investigator, the witness who just preceded you on the witness stand, went to a number of these places where they had machines and ordered them taken out and, in fact, did remove some of them, as he testified here today, because they were the wrong machines in that they did not belong to the so-called syndicate that was taking over. Through your office, with the help of your office, they were able, it appears, to establish a monopoly in this operation, in this business there, to the extent that their income during the past 5 or 6 years—

Mr. KENNEDY. Five years; a 5-year period.

The CHAIRMAN. During the past 5-year period has exceeded some \$12 million. That has been, according to the testimony, certainly one of the strong implications of its has been, done by reason of the assistance provided by your office in an official way.

Otherwise they possibly could not have succeeded in doing it. The independents were prohibited from running, whereas they seemed to have your blessings. That is the statement of fact that this record substantiates and it is on that basis, for that purpose, that you are here being interrogated and given an opportunity, if it is untrue, to simply refute it.

I hope you will cooperate. I think I agree with what you said. You owe it to the community out there, with all of these implications, if you want to just call them that, you owe it to your community and to your people to come here under oath and make a full and complete statement about it.

I hope you will do it. Your motion is overruled. Proceed.

Mr. KENNEDY. On July 1, 1955, \$4,500 was paid to Mr. George Drag for home construction in \$20 bills. I would like to find out specifically, where did the \$20 bills come from?

Mr. HOLOVACHKA. Shall I read the same objection again pertaining to my private or personal affairs?

Mr. KENNEDY. Why don't you just give us the answer? Give this committee the answer.

Mr. HOLOVACHKA. Mr. Kennedy, I don't believe that this committee has a right to go into my private or personal affairs, but I will say this to you: Not one dime of it came from any racketeer.

The CHAIRMAN. Just one moment. The Chair overlooked placing in the record the telegram of June 1, which the Chair sent to Mr. Holovachka. It will be printed in the record at this point.

I will ask you to examine it, Mr. Holovachka, and state if you identify it, if you received the original.

(The document was handed to the witness.)

Mr. HOLOVACHKA. Yes, sir; I received this telegram, sir.

The CHAIRMAN. It will be placed in the record at this point.

(The telegram referred to follows:)

Mr. METRO M. HOLOVACHKA,  
711 Gary National Bank Building,  
Gary, Ind.:

Subsequent to receipt your letter May 16, Counsel Kennedy had discussed subject matter with you in telephone conversations; also with your Washington attorney, Mr. Joseph Rauh, with whom he had arranged for a personal conference at which you, Mr. Rauh, and himself would be present. This conference was agreed to by you, according to your attorney. However, before time for the conference you advised you would not attend.

It was hoped at that conference that satisfactory agreement could be reached regarding production of documents and materials subpoenaed from your files. You therefore leave us no opportunity except to proceed without your cooperation.

As has been explained to you and your attorney, and as you know, the committee is inquiring into improper activities in the labor or management field. It is specifically interested in Lake County, Ind., where it has information that local No. 1 of the Coin Operators & Repairmen's Union was opposed by certain outside racketeering elements which led to its ultimate dissolution.

From information the committee has it is indicated that certain law enforcement officers, including representatives of your office, cooperated with and supported the effort to create a monopoly in the coin machine business in the Lake County area and, simultaneously, efforts were made to destroy or bring about the dissolution of local No. 1. We are interested in developing that situation.

For some months now the staff has been attempting to obtain from you an explanation as to the large amounts of cash during that period of time which have either been deposited in your bank account or used by you. This explanation you have refused to give.

If there was conspiracy between you personally or your office and a gangster or racketeering element to put local No. 1 out of business or to establish a monopoly in the coin-machine business, the committee has a right to know. Its jurisdiction in this field is clear and emphatic. Surely as a public official whose duty is to enforce as well as to observe the law, you should be willing to cooperate with a congressional committee charged with the responsibility of inquiring into improper practices in labor-management relations.

Information of a derogatory nature regarding your activities will be developed beginning Tuesday afternoon, June 2. You are invited to attend and testify immediately if you see fit to do so. However, in connection with the subpoenas served upon you, you are ordered to produce the documents requested and to testify at the hearings on Friday, June 5, 1959.

JOHN L. McCLELLAN,

*Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.*

The CHAIRMAN. One other statement the Chair possibly overlooked making, that you should have information about before you proceed to answer, is according to the information the committee has from the investigation made by its investigators, its professional staff, and other evidence before the committee, during the course from 19—well, from the year 1953, beginning in January 1953, at which time you became a chief deputy prosecutor—is that correct?

Mr. HOLOVACHKA. No, sir. I became prosecuting attorney.

The CHAIRMAN. You became the prosecutor?

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. Beginning in January 1953, through December 1958, according to the investigations of this staff, you handled \$263,000 in cash, not including checks and so forth, that went through your bank account. For that reason, in view of the other statement I made, the committee is interested in knowing whether there is any improper practice or any crime committed in connection with the securing of a monopoly in this pinball machine industry and in

driving out of business or causing the liquidation of a labor union organization.

(At this point Senator Mundt withdrew from the hearing room.)

The CHAIRMAN. That is more background and that is the reason for interrogation.

Mr. Kennedy, interrogate him about these funds. Proceed.

(At this point Senator Church entered the hearing room.)

The CHAIRMAN. If you want to object, you may object. It will not be necessary for you to read that whole statement again each time.

Mr. HOLOVACHKA. The objection, do you mean?

The CHAIRMAN. If you want to object on the basis of what you have in that statement, simply say, "I object on the basis of this statement which I have filed." and I will let you file that statement so there will be no question about the exact wording of it.

Mr. HOLOVACHKA. Thank you, Senator.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Let's go back to when you became public prosecutor, Mr. Holovachka. On January 15, 1953, you deposited in your bank account \$250 in cash. Where did that come from?

Mr. HOLOVACHKA. I object on the basis of the statement that I previously read.

The CHAIRMAN. Do you object on the ground that a truthful answer thereto might tend to incriminate you? I want to get the record clear.

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. Then the Chair, with the permission of the committee, orders and directs you to answer the question.

Mr. HOLOVACHKA. I refuse to answer on the basis of my objection.

The CHAIRMAN. The order and direction of the Chair, with the approval of the committee, will continue to abide with you until you leave this witness stand.

Proceed.

Mr. KENNEDY. Mr. Chairman, before I go on and ask him some questions about this currency that has been available to him during this period of time, I would like to have permission to put into the record the background information that we have to substantiate my questions.

The CHAIRMAN. Call your witness.

Mr. KENNEDY. Mr. Sinclair and Mr. Thiede.

The CHAIRMAN. The Chair, while you are calling these witnesses, may further state, as I am sure the witness knows, that the Congress is now in process of undertaking to legislate in this field. The work of this committee, what it has developed, the record it has made in the course of these public hearings and investigations, has become and is today the basis for legislation now pending in the Congress.

The Chair will further state that if it is established in this instance or in any other instance that a labor union has been put out of business by reason of a conspiracy, by reason of bribery, or by reason of the unlawful cooperation of public officials, it may be of interest to the Congress to try to find legislation to prevent a recurrence of such action.

Mr. HOLOVACHKA. Senator, may I tell you about this union and about Mr. Testo?



The CHAIRMAN. If you will answer the question. But you say we have no jurisdiction. We have no jurisdiction over voluntary statements if we have no jurisdiction over that which we seek to find out. We will keep it that way.

When you are ready to talk and answer the questions, then you may make the voluntary statements with respect to those points in your favor.

Mr. HOLOVACHKA. Mr. Kennedy had announced over the radio the other day that I would be permitted to answer any statements made by any witnesses before this committee.

The CHAIRMAN. You will. We are giving you a chance to answer some of them now.

Mr. HOLOVACHKA. These don't pertain to labor, Senator.

The CHAIRMAN. We are trying to keep it as near to the labor and business elements in it as we can.

Proceed with this witness. Maybe Mr. Holovachka will get the point as we go along.

Mr. KENNEDY. I am sure he will. I am sure he will want to answer these things.

The CHAIRMAN. Proceed.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Mr. KENNEDY. Mr. Sinclair, what do we find as far as the cash transactions of Mr. Holovachka? As I understand it, these are transactions which are completely apart from any check transactions.

The CHAIRMAN. Has this witness been sworn?

Mr. SINCLAIR. Yes, Senator; I have.

The CHAIRMAN. You have been previously sworn and identified as a member of the committee staff or working for it out of loan from the General Accounting Office?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. Has his background and his experience been placed in the record?

Mr. KENNEDY. It has.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Sinclair, you and Mr. Thiede have gone back, starting in the year 1951 when Mr. Holovachka began to work for the government; is that right?

Mr. SINCLAIR. Yes, sir; we have.

Mr. KENNEDY. For the State and local government?

Mr. SINCLAIR. That is right.

Mr. KENNEDY. Prior to that, from 1945 up through 1950, Mr. Holovachka had practiced law in Indiana?

Mr. SINCLAIR. That is right.

Mr. KENNEDY. What had been his income prior to the time that he began to work with the State?

Mr. SINCLAIR. By year, Mr. Kennedy?

Mr. KENNEDY. In round figures, by year.

Mr. SINCLAIR. Less than \$5,000 for the years 1945 through 1950.

Mr. KENNEDY. Just give it to us each year.

Mr. SINCLAIR. 1945, his income was \$4,649.38.

Mr. KENNEDY. Just round it off.

Mr. SINCLAIR. 1946, \$4,000; 1947, \$4,900; 1948, \$2,700; 1950, \$2,400; 19—I am sorry. That was 1949, \$2,400; 1950, \$3,300.

Mr. KENNEDY. So for the 2 years prior to the ones we are interested in, 1949, how much did he declare in 1949?

Mr. SINCLAIR. 1949, \$2,400.

Mr. KENNEDY. And 1950?

Mr. SINCLAIR. \$3,300.

Mr. KENNEDY. \$3,300?

Mr. SINCLAIR. That is right.

(At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. Then he started to work in 1951 for whom?

Mr. SINCLAIR. In 1951 he served as special deputy prosecutor to the Lake County prosecutor.

Mr. KENNEDY. Mr. Holovachka, is that correct, so far?

Mr. HOLOVACHKA. I have stated my objection pertaining to my personal affairs and I stand upon this objection pertaining to anything outside the scope of this committee's authority.

Mr. KENNEDY. What do we find after he became assistant public prosecutor? How much in cash did he handle in 1951?

Mr. SINCLAIR. In 1951 his total cash was \$7,237.

The CHAIRMAN. Let's get this record so we understand it as we go along. When you talk about cash, you are not talking about money in a bank and checks, the accounts of that character; this is cash outside of a bank account; is that correct?

Mr. SINCLAIR. Senator, this cash or cash amounts are cash deposits in the bank or cash expenditures that we cannot identify as having been withdrawn from the bank.

The CHAIRMAN. In other words, when you speak of cash, it is cash that he deposited in a bank rather than a check?

Mr. SINCLAIR. That is correct, sir.

The CHAIRMAN. And it is cash that he spent that didn't come out of the bank and that was not represented by check?

Mr. SINCLAIR. That is correct, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. In 1952, what position did he hold?

Mr. SINCLAIR. In 1952, he was comptroller for the city of Gary.

Mr. KENNEDY. How much cash went through his bank account, cash transactions that we have been able to trace?

Mr. SINCLAIR. \$57,373 cash that went through his account at that time.

Mr. KENNEDY. This is the year he started working as comptroller for the city of Gary?

Mr. SINCLAIR. As comptroller for the city of Gary; that is right.

Mr. KENNEDY. How much did he declare on his income tax returns for that year? Have you that?

Mr. SINCLAIR. Yes, we do. For 1952 he declared \$8,591.

Mr. KENNEDY. Yet we have been able to show cash transactions of deposits in his bank accounts and other cash transactions of \$57,000-plus?

Mr. SINCLAIR. That is right.

Mr. KENNEDY. How about 1953, when he became public prosecutor?

Mr. SINCLAIR. In 1953, \$18,315 was the total amount of cash that went through his account.

Mr. KENNEDY. What about 1954?

Mr. SINCLAIR. 1954 was \$46,283.75.

Mr. KENNEDY. 1955?

Mr. SINCLAIR. 1955 was \$55,000.

Mr. KENNEDY. 1956?

Mr. SINCLAIR. 1956 was \$51,000.

Mr. KENNEDY. 1957?

Mr. SINCLAIR. \$57,000.

Mr. KENNEDY. And 1958?

Mr. SINCLAIR. \$33,000.

Mr. KENNEDY. Making a total for 1951 through 1958 of \$327,000-plus cash?

Mr. SINCLAIR. \$327,000-plus in cash.

Mr. KENNEDY. And the subtotal for 1953 through 1958, since he has been with the public prosecutor's office, he handled \$263,000 in cash?

Mr. SINCLAIR. That is correct.

### TESTIMONY OF METRO M. HOLOVACHKA—Resumed

Mr. KENNEDY. Can you give us some explanation for that, Mr. Holo-vachka?

Mr. HOLOVACHKA. I have made my objection. You are going into my personal affairs. It is beyond the scope of this committee. I want the entire objection to stand.

The CHAIRMAN. Just a moment. The Chair wishes to admonish the witness that the Chair holds, and I believe the committee will sustain him, that it is pertinent to this inquiry, particularly when we are looking into the destruction of a union and the building up of the monopoly in a business, to inquire where excessive sums of money apparently come from, the source of them, with respect to a public official who had a duty to perform in connection with law enforcement, and where the testimony indicates, if it does not clearly establish, the fact that such official cooperated with, conspired with, certain interests to establish such a monopoly and to drive such union out of business.

The unprecedented amount of funds, the excessive amount of funds over and above the emoluments of the office which you held, become a matter, of course, of legitimate curiosity, and we are inquiring into them.

Again I refer you to the statement which you made in the beginning, that you owed a moral duty to your people back home to make explanation of it.

Mr. HOLOVACHKA. Senator, I feel honestly that I do owe a moral duty. But I don't believe that anyone can say that I should disclose my personal financial affairs any more than it can be expected of any Senator in the U.S. Senate.

Certainly, I am satisfied that the Senators have substantial incomes and deal financially. But the public is not entitled to know those things, and I as a public official—

The CHAIRMAN. I think they are sometimes. I am not questioning that. It is not for you here to try to divert this investigation into what you think other people may be doing. That will not be permitted. But I am not arguing—

Mr. HOLOVACHKA. Excuse me, Senator.

The CHAIRMAN. I am not arguing who has the duty immediately and who does not have. I have some ideas. I have the idea they do have the responsibility if they have excessive income without any known legitimate source for it.

I think under the same circumstances they would have the same duty that you have right now, to clarify it if there is any clarification available for it.

The Chair is going to order you to answer the question.

Proceed, Mr. Kennedy, and ask him a direct question.

Mr. KENNEDY. Take, for instance, in 1952, Mr. Holovachka, July 8, 1952, \$15,800 in cash. Could you explain to the committee where that came from?

Mr. HOLOVACHKA. I could, but I stand upon my legal objection.

Mr. KENNEDY. Then the next month—

The CHAIRMAN. Just a moment. You say you could. Then the Chair orders and directs you to make explanation of it. I do that with the approval of the committee.

Mr. HOLOVACHKA. I must respectfully object to answering the question, and I will read the same objection.

The CHAIRMAN. You need not read it. It may be considered read for the purpose of the record.

Mr. HOLOVACHKA. I stand upon that objection.

The CHAIRMAN. The order of the Chair, of the committee, for you to make explanation of this still stands, and it will remain with you during the course of your testimony.

Mr. HOLOVACHKA. I have no recollection of that specific item.

The CHAIRMAN. How much was that item?

Mr. KENNEDY. That was \$15,800.

The CHAIRMAN. You now state under oath you have no recollection of that item.

All right. Proceed, Mr. Kennedy.

Mr. KENNEDY. I will bring it up a little more in advance to the time this union was destroyed, Mr. Chairman.

Take it up, for instance, to 1956. February 8, 1956, \$5,000 in \$20 bills.

Mr. HOLOVACHKA. I stand upon my legal objection, Senator.

The CHAIRMAN. In each instance, the Chair, with the approval of the committee, is ordering and directing you to answer the question and give explanation of these moneys.

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. All right. Does the same thing apply in this instance as in the other? You could, but you will not, because you object?

Mr. HOLOVACHKA. I did not say that I could, Your Honor.

The CHAIRMAN. Just a moment.

Mr. HOLOVACHKA. Senator, I stand upon my legal objection.

The CHAIRMAN. I don't think we have to go into that. The record speaks for itself. My recollection is you said you could, but you would not.

All right. The record speaks for itself. Proceed.

Mr. KENNEDY. February 25, 1956, some 2 weeks later, \$2,000 in \$20 bills.

The CHAIRMAN. Where?

Mr. KENNEDY. Mr. Chairman, we have made a detailed study of this situation.

The CHAIRMAN. Have you someone who can identify it?

Mr. KENNEDY. Mr. Sinclair can identify it.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

The CHAIRMAN. Mr. Sinclair, have you made a compilation of the cash money about which you have testified in total amounts, of this witness' income and expenditures covering the period from 1951 through 1958?

Mr. SINCLAIR. We have, Senator.

The CHAIRMAN. Do you have a copy of that compilation before you?

Mr. SINCLAIR. Yes, sir; I do.

The CHAIRMAN. That compilation may be made exhibit No. 8 at this point. The witness may be furnished a copy of it.

(Document referred to was marked "Exhibit No. 8" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Mr. Holovachka can refer to any item as it may be mentioned.

Proceed, Mr. Kennedy.

Mr. Sinclair, you state that the compilation of these accounts and these amounts are true to the best of your knowledge and belief?

Mr. SINCLAIR. They are, Senator.

The CHAIRMAN. You are not necessarily claiming, as I understand it, that these constitute all, but this much you have found?

Mr. SINCLAIR. That is correct. We know that it doesn't constitute all.

The CHAIRMAN. You know it does not constitute all?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. But this much you have been able to find?

Mr. SINCLAIR. Yes, sir, Senator.

Mr. KENNEDY. That is because, of course, Mr. Holovachka would not furnish a considerable number of his records to the committee.

Mr. SINCLAIR. That is correct.

#### TESTIMONY OF METRO M. HOLOVACHKA—Resumed

Mr. KENNEDY. Let us take it up to 1958, Mr. Holovachka, and maybe you can give us some information on that.

On September 10, 1958, \$3,000 in currency. Could you tell us where that came from?

Mr. HOLOVACHKA. I will stand upon my legal objection.

The CHAIRMAN. The Chair, again with the approval of the committee, orders and directs the witness to answer the question.

Mr. HOLOVACHKA. I will stand upon my legal objection.

The CHAIRMAN. The order and direction will continue throughout the giving of your testimony.

Mr. KENNEDY. That is \$33,000 in cash in 1958 alone that went through your bank accounts, and was used by you in other ways.

Could you give us any explanation of any of it?

Mr. HOLOVACHKA. I stand upon by legal objection, sir.

Mr. KENNEDY. Will you give us any explanation of the \$58,000 in cash that you used in 1957 over and above your regular transactions?

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. The Chair again in each of these instances orders and directs the witness with the approval of the committee, to make explanation if he can of these accounts.

Now, are you saying that you cannot, or that you don't remember, or are you simply saying irrespective of whether you do or don't remember, you are invoking your objection—

Mr. HOLOVACHKA. I am saying, Senator, that the Supreme Court of the United States and the laws of our country do not require me to make these disclosures, and for that reason I have no intention of making disclosures pertaining to my private affairs.

The CHAIRMAN. I wish to thank you, because that makes the record absolutely clear. You are simply challenging the jurisdiction and authority of the committee to get an explanation of these excessive amounts of funds or moneys that you received while an officer charged with the enforcement or carrying out of public duties, the integrity of which are here in a sense being challenged.

Mr. HOLOVACHKA. Anyone who knows me does not question my integrity, Senator.

The CHAIRMAN. I have said from the record here, the integrity of which is in effect being challenged.

Mr. HOLOVACHKA. No, sir; I am not questioning the integrity of anything.

The CHAIRMAN. I didn't ask you to question it. I made that a statement of fact. Proceed.

Mr. KENNEDY. How about in 1957? Do you remember Christmas in 1957? The day after Christmas you deposited \$7,000 in \$20 bills, in cash, all in \$20 bills. Would you tell the committee about that?

Mr. HOLOVACHKA. I stand upon my legal objection.

Mr. KENNEDY. That is Christmas, or the day after Christmas of 1957.

Mr. HOLOVACHKA. I heard you, Mr. Kennedy.

Mr. KENNEDY. Would you tell us about that, the 26th of December?

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to state whether he has an explanation of this money.

Mr. HOLOVACHKA. I will say to you, Senator, one thing, that not one dime of it came from labor in any way, and not one dime of it came from any racketeer.

The CHAIRMAN. That is excellent. And now then, tell us who it came from?

I think I will order and direct you now to state who it did come from. You have volunteered the information that it did not come from racketeers and it did not come from labor, and now I think that you have made yourself obligated in spite of your challenge of the committee's jurisdiction. I think you have waived any lack of jurisdiction if there could possibly be such holding by just gratuitously making a statement that it didn't come from a racketeer or didn't come from labor. So now we would be very glad to receive a truthful explanation of the source of it.

Mr. HOLOVACHKA. I stand upon my legal objection, Senator.

The CHAIRMAN. Again the Chair, with the approval of the committee, orders and directs you to state the source of it.

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. Proceed.

Mr. KENNEDY. I refer you to the purchase of Barrett Bonds on January 8, 1957, \$9,940, all in tens and twenties. Could you tell us about that?

Mr. HOLOVACHKA. I again stand upon my legal objection.

Mr. KENNEDY. Now, there was \$57,000 in 1957, in transactions similar to that. Could you tell us where you got that cash?

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. Mr. Witness, you have before you, have you, a copy of exhibit No. 8?

Mr. HOLOVACHKA. Yes, I do, Senator.

The CHAIRMAN. You see there before you the exhibit which consists of, I believe, nine pages. The first page on the top of it is identified, "Metro M. Holovachka: Summary of Cash Transactions, 1951-58," and then there is on each page at the top, together with identifying remarks right under it, as to what the figures show.

Is that correct?

Mr. HOLOVACHKA. That is correct, Senator.

The CHAIRMAN. All right, you have it before you.

Now, the Chair again, with the approval of the committee, directs you to answer questions pertaining to the source of the moneys that are listed on this exhibit.

Proceed.

Senator MUNDT. Mr. Chairman, did I understand that Mr. Sinclair said with regard to 1952 where this exhibit shows a total cash transaction or income of \$57,373.98, that there was a discrepancy between that and the figure in the income tax report.

Mr. SINCLAIR. My statement was, Senator, that this was the total amount of cash that we found going through his account.

Now, he reported substantially less than that amount during the year.

Senator MUNDT. Was that just in 1952 or have you examined the subsequent income tax reports and found similar discrepancies in those?

Mr. SINCLAIR. We have found them. We have examined subsequent income tax returns, and we have found, we believe, there is more money in Mr. Holovachka's account than has been reported on the tax returns.

Senator MUNDT. Mr. Holovachka, you heard what he said, and that doesn't sound very good. Maybe you can give us some explanation of why that discrepancy exists.

Mr. HOLOVACHKA. Again I say this is going into my private affairs, Senator Mundt, and I must stand upon my legal objection.

Senator MUNDT. I think it is in a little different category here, though.

Mr. HOLOVACHKA. The Internal Revenue Department, Senator, is checking my returns at the present time, and I am satisfied that I have reported all of my income.

Senator MUNDT. They are checking you?

Mr. HOLOVACHKA. Yes, sir; and they have been for some time.

Senator MUNDT. I am sure that you can't question the curiosity of a committee of Congress charged with observing the activities of its various branches, in wondering why the two don't jibe.

As an old prosecutor, I am sure that would stimulate your curiosity if you were on the other side of the table.

Mr. HOLOVACHKA. Perhaps it would, Senator.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Now, in connection with this document, this group of documents that has been prepared, where you have a column entitled, "Small bills," included in the total, to what do you refer there?

Mr. SINCLAIR. Mr. Kennedy, that column covers money that we were able to identify that was in \$20 bills or less, that went through his account in those denominations.

Mr. KENNEDY. So for instance in 1953 to 1958, Mr. Holovachka deposited in his bank account or spent at least \$106,000 in cash in tens and twenties or less?

Mr. SINCLAIR. Or less, that is right.

Mr. KENNEDY. Where did you get all of these small bills, Mr. Holovachka?

Mr. HOLOVACHKA. I stand upon my legal objection.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

Will you answer?

Mr. HOLOVACHKA. Again I must respectfully object to answering for the reasons previously stated, Senator, that this is prying into my personal affairs, and it is beyond the scope of this committee.

The CHAIRMAN. The order and direction of the Chair will stand throughout the witness' testimony.

Proceed, Mr. Kennedy.

Mr. KENNEDY. For instance, can you tell us any explanation of September 7, 1956, \$2,500 in cash, \$1,000 wrapped, and \$1,000 in twenties, and \$500 in tens. Where did you get that?

The CHAIRMAN. What date is that?

Mr. KENNEDY. September 7, 1956.

Can you tell us where you got that money?

Mr. HOLOVACHKA. The same objection.

The CHAIRMAN. The same order and direction of the Chair, for the witness to answer.

Mr. KENNEDY. Now, in the payments on your home, February 11, 1956, \$5,000 in tens and twenties; April 13, 1956, \$4,500 in twenties; May 28, 1956, \$1,500 in twenties; August 20, 1956, \$1,380 in twenties.

That is for a total of \$12,380 in \$20 bills, \$10 and \$20 bills. Can you tell us where you got that for the purchase of your home?

Mr. HOLOVACHKA. The same objection.

The CHAIRMAN. The Chair orders and directs you to answer the question.

With the approval of the committee, the order and direction of the Chair will continue throughout the witness' testimony.

Mr. KENNEDY. Did you use this money for the purchase of your home?

Mr. HOLOVACHKA. The same objection.

Mr. KENNEDY. That was for 1956; and in 1955 we have another total of payments on your home of another \$28,000 in tens and twenties,



with \$4,500 on May 1, 1955, in twenties. On August 1, 1955, \$4,500 in twenties. On August 15, 1955, \$5,500 in twenties.

Will you tell us where you got that money?

Mr. HOLOVACHKA. As a lawyer?

Mr. KENNEDY. Just as a citizen.

Mr. HOLOVACHKA. As a citizen and a lawyer then, Mr. Kennedy, I make the same objection.

Mr. KENNEDY. What about as a public official?

Mr. HOLOVACHKA. As a public official I make the same objection.

The CHAIRMAN. The Chair orders and directs the witness to answer the question, with the approval of the committee.

That order and direction will continue throughout the witness' testimony.

Mr. KENNEDY. September 9, 1955, \$5,000 in twenties; and October 7, 1955, \$5,000 in twenties.

November 18, 1955, \$5,000 in twenties.

Can you tell us about that, and where did you get that money?

Mr. HOLOVACHKA. The same objection.

The CHAIRMAN. The same order of the Chair.

Mr. KENNEDY. Are there any questions by members of the committee?

This is, of course, the key to the situation. We have had the testimony in connection with what has been done out there in Lake County, and then we find this public prosecutor who has a responsibility for enforcing the law.

The CHAIRMAN. I want to ask the witness a question or two.

The testimony here has been as the Chair stated to you, that the chief investigator of your office, and I believe he testified that he did it at your direction, would go to certain places and pick up pin-ball machines.

Did he do that on your instructions and orders?

Mr. HOLOVACHKA. Let me say to you, Senator, in 6 years I was prosecutor, I had him remove in excess of 150 machines from different places. Any time any mother would call up and say the children were playing the machines, I sent Mr. Conroy out there and asked him to play the machines, and I asked him to get a payoff on the machines, and then they were gambling.

Here is the thing: With respect to the legislature, prior to 1957, Senator, the 1957 act, these machines were legal in the State of Indiana.

The CHAIRMAN. Gambling wasn't legal.

Mr. HOLOVACHKA. That is right, Senator, but we have approximately 800 policemen in Lake County, Ind., and are you charging me with being able to do what 800 policemen can't do?

The CHAIRMAN. I am not charging you with anything. I just wondered why you didn't charge your investigators to go out there and clean up gambling.

Mr. HOLOVACHKA. All right.

And let me say to you, I would get calls from wives whose husbands, while under intoxication, would lose their paychecks perhaps in some of these taverns, and so forth. When they called me, I sent Mr. Conroy out and told him to have the machines removed. Most of them were removed voluntarily by the people. Some 30, as Mr.

Conroy testified, were picked up during this period of time where they voluntarily would not remove the machines.

Who the machines belonged to, I certainly didn't know, and it didn't make any difference to me.

The CHAIRMAN. Did you try to find out?

Mr. HOLOVACHKA. They couldn't tell you at the tavern or the place where these machines were. They did not know the names of the owners of the machine.

The CHAIRMAN. Did you try to find out?

Mr. HOLOVACHKA. Yes, sir; I did.

(At this point Senator Kennedy entered the hearing room.)

The CHAIRMAN. Did you find out who placed the machines in there?

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. Did you ask? You know, you are not coming up here, a prosecutor with your experience, and saying, "Here are gambling machines all over the town and I couldn't find out who owned them or who put them in there."

Mr. HOLOVACHKA. Senator, I am pointing out to you that prior to 1957 these machines were not gambling machines within the scope of the law of the State of Indiana. They were no more gambling machines than a pair of dice or a deck of cards in a five and dime store.

You had to actually catch the person getting paid off by the owner of the establishment before it became a violation of the law. Let me say to you further that if the legislature wanted to get rid of these machines, and they can, all they have to do is pass a law similar to the one we have pertaining to slot machines in Indiana, where the mere possession of a machine is a violation of the law.

If the legislature passed such an act, we could get rid of them within 24 hours, I am satisfied.

The CHAIRMAN. I wonder about that. I think they passed such an act, didn't they, in 1957?

Mr. HOLOVACHKA. In 1957, Senator, they passed such an act. In Allen County, Ind., in Fort Wayne, the prosecuting attorney proceeded to pick some of these machines up. Mr. Sinclair has the record of the case. I gave it to him when he was in my office.

There was an outfit down there by the name of Mizer, and the other, I think was the Lee Sales Co., and they got an injunction against the prosecuting attorney, against the sheriff, against the mayor, against the board of public works and safety, and someone else.

There were five of them. The prosecutor, sheriff, mayor, board of public works and safety. I forget the fifth one. But the court granted them a temporary injunction and subsequently granted them a permanent injunction.

That case was appealed to the Supreme Court of the State of Indiana. That case has not been ruled upon to this day.

The CHAIRMAN. I understand. But you said if the legislature passed such a law you would get rid of them in 24 hours. You have had a year and some time, nearly 2 years to get rid of them. Have you gotten rid of them?

Mr. HOLOVACHKA. Anyplace where we had a violation of the law, Senator, that we knew was a violation of the law. For example,

when Mr. Conroy got the evidence, we did get rid of them, in excess of 150 of them during my term of office.

The CHAIRMAN. That is back in 1953. I am talking about 1957, after you said you could get rid of them in 24 hours after such a law was passed.

Mr. HOLOVACHKA. Let me say to you, Senator, after a permanent injunction was handed down by my court, I felt it was the responsibility of the supreme court to clarify this point as to the law.

The CHAIRMAN. That wasn't in your county. That wasn't in your jurisdiction.

Mr. HOLOVACHKA. It doesn't make any difference.

The CHAIRMAN. Was it?

Mr. HOLOVACHKA. The Supreme Court of the State of Indiana had to rule on it.

The CHAIRMAN. I understand that, of course. You can enforce a law until it is ruled on one way or the other. But I took your statement that you could stop it in 24 hours if the legislature would pass such a law.

Mr. HOLOVACHKA. When they give us a clear law; yes, sir.

The CHAIRMAN. We find now that it did pass such a law as you testified to, back in 1957.

Mr. HOLOVACHKA. The law still is not clear. For example, let me point out to you Senator, that since this thing has been going on—

The CHAIRMAN. Is there any case pending in your jurisdiction as to your efforts to try to enforce the law?

Mr. HOLOVACHKA. As to the efforts of the police department? I can't account for them.

The CHAIRMAN. I am not talking about that. I said is there any restraint, any injunction, in your jurisdiction, where you have the responsibility as prosecuting attorney to restrain you from enforcing this statute?

Mr. HOLOVACHKA. Senator, we certainly did enforce the statute in every place we were—

The CHAIRMAN. That isn't in response to my question. You are a lawyer. I asked you is there any injunction now restraining you in your jurisdiction from enforcing this statute?

Mr. HOLOVACHKA. I am not the prosecutor now, Senator.

The CHAIRMAN. Well, you are chief deputy; aren't you?

Mr. HOLOVACHKA. Yes; I am, sir.

The CHAIRMAN. All right. Is there any injunction or restraining order in your jurisdiction to prevent you from enforcing this statute?

Mr. HOLOVACHKA. Well, let me say this to you—

The CHAIRMAN. Wait a minute.

Mr. HOLOVACHKA. Within the past—

The CHAIRMAN. Wait a minute. You can answer "Yes" or "No."

Mr. HOLOVACHKA. I can't answer that question "Yes" or "No."

The CHAIRMAN. You can. You do know whether there is an injunction against you.

Mr. HOLOVACHKA. May I qualify the statement, Senator?

The CHAIRMAN. After you answer it. You can't qualify it very well until you answer it.

Mr. HOLOVACHKA. Well, I will answer that by saying—I don't understand the question, Senator. I don't understand the question.

The CHAIRMAN. If you are telling the truth——

Mr. HOLOVACHKA. I am telling the truth. There is no injunction in Lake County. Is that the answer to your question?

The CHAIRMAN. Well, fine.

Mr. HOLOVACHKA. Now, let me point this out to you.

The CHAIRMAN. Now qualify it.

Mr. HOLOVACHKA. Now I will qualify it. Within the past 2 weeks or approximately 2 weeks, Judge Niblick, of Marion County, who had, on two occasions, ruled that pinballs were legal in Indiana, and I believe those two occasions were since 1957, had a case in Lebanon—it was venued there from Marion County, and on that occasion he ruled that these machines were illegal.

Once he had ruled that they were illegal, we immediately, the prosecutor immediately, issued an order to the chiefs of police to get rid of those machines. These men went into these places and they changed the machines to the point where they would have no automatic or free replay. They cut the wires. There was no register on them.

In my opinion, Senator, those machines without the automatic register and without the free replay are legal in the State of Indiana today.

The CHAIRMAN. What are you doing to enforce the statute out there now?

Mr. HOLOVACHKA. Sir, the prosecutor has communicated with the chief of police of each community and the sheriff, and has requested them, wherever they found these gambling machines, to get rid of them.

The CHAIRMAN. When? When did he issue those orders?

Mr. HOLOVACHKA. After Judge Niblick had ruled in Indianapolis or Lebanon.

The CHAIRMAN. When did Judge Niblick rule?

Mr. HOLOVACHKA. Approximately 2 weeks ago.

The CHAIRMAN. Thank you.

Do you know a man named Steven Sohacki?

Mr. HOLOVACHKA. Senator, I had him before the grand jury back in 1951. At that time I propounded questions to him before the grand jury. I have not seen or talked to Mr. Sohacki or met him directly or indirectly from that date to this.

The CHAIRMAN. Do you know Mr. George Welbourn?

Mr. HOLOVACHKA. No, sir. The first time that I saw him was when he testified in this chamber last Thursday or—Thursday, it was.

The CHAIRMAN. I don't believe he testified; did he?

Mr. HOLOVACHKA. Yes, he did, Senator.

The CHAIRMAN. I thought he took the fifth amendment.

Mr. HOLOVACHKA. Excuse me. I mean he was before the Senators here.

(At this point Senator Church withdrew from the hearing room.)

Mr. HOLOVACHKA. That was the first time I had ever seen him.

The CHAIRMAN. According to the records we have here, as the Chair indicated to you heretofore, these two men—I will ask you first if you know them to be the owners of these machines that are permitted to run in your county?

Mr. HOLOVACHKA. Senator, let me say this to you: By way of hearsay and by way of reading in the press, I am informed that they did own some machines in Lake County. How many, I don't know.

The CHAIRMAN. All right. Did you have them before the grand jury since this ruling in 1957 to ascertain whether they were operating gaming machines or not?

Mr. HOLOVACHKA. We didn't do it because of this ruling in Allen County at that time, sir, and because the case is pending in the supreme court.

The CHAIRMAN. In other words, you are going to put off enforcing that statute just as long as you can.

Mr. HOLOVACHKA. That is not the truth, Senator. That has been a heartache to me. I wish the legislature had given me a law I could have enforced there without any trouble. I would have done it.

The CHAIRMAN. Let me ask you when you are going to start trying to enforce it?

Mr. HOLOVACHKA. As soon as we have the legal facilities with which to do it.

The CHAIRMAN. I thought the prosecuting attorney's office, the sheriff, and the police had pretty good legal facilities, when the legislature passes a statute.

Mr. HOLOVACHKA. The legislature—on purpose, Senator, I might say——

The CHAIRMAN. The what?

Mr. HOLOVACHKA. The legislature, on purpose, in 1953, put this hitch into this act so that that law could not be enforced.

The CHAIRMAN. They obviously unhitched it in 1957.

Mr. HOLOVACHKA. That is correct, sir.

The CHAIRMAN. Why isn't it being enforced now?

Mr. HOLOVACHKA. Because the supreme court hadn't ruled on the case yet. Only recently have we had a decision upon which a prosecuting attorney could hang his hat, and that was Judge Niblick's ruling.

The CHAIRMAN. The supreme court could never rule on a case until there is a lower decision; isn't that correct?

Mr. HOLOVACHKA. Well, there has been a lower decision. There has been a permanent injunction that has been appealed 2 years ago.

The CHAIRMAN. That is in another jurisdiction.

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. That is not in yours?

Mr. HOLOVACHKA. That is correct, sir.

The CHAIRMAN. There is no such decision in a lower court because of anything you did, is there? That is, to try to enforce the statute?

Mr. HOLOVACHKA. Let me say this to you——

The CHAIRMAN. Is there?

Mr. HOLOVACHKA. Let me say this to you—I will answer that if you permit me.

The CHAIRMAN. Say yes or no and then answer it.

Mr. HOLOVACHKA. I can't answer "Yes" or "No." I will say this. We picked up many machines there, and I would say that none of these men had intestinal fortitude enough to file an injunction against me up to the present date.

The CHAIRMAN. I can pretty well understand why they don't have much hope of getting any relief. Don't you agree with me.

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. In other words, you are a man of action. You have been enforcing the law; is that right?

Mr. HOLOVACHKA. Senator, let me say to you that it is the prime responsibility of 700 policemen in Lake County, Ind., to enforce the law. Mine is a secondary responsibility. On many occasions, when I received complaints, I referred them to these police. So far as I know, they took care of them.

The CHAIRMAN. You are not kidding us with that line.

Mr. HOLOVACHKA. Well, I am not trying to, Senator.

The CHAIRMAN. You know you have the authority as prosecuting attorney to take action.

Mr. HOLOVACHKA. Let me say that perhaps I had the authority——

The CHAIRMAN. And to initiate action. Don't you?

Mr. HOLOVACHKA. Perhaps I had the authority, but I did not have the manpower. I had three investigators during the last 2 years.

The CHAIRMAN. You seem to have the same manpower now you have had, and now your prosecuting attorney sent out the notices 2 weeks ago.

Mr. HOLOVACHKA. It was done through the chiefs of police. Every bit of it was done through the chiefs of police.

The CHAIRMAN. You have had chiefs of police all these years, haven't you?

Mr. HOLOVACHKA. And certainly whenever we had complaints that were law violations, the machines were picked up.

The CHAIRMAN. Did you get any money from any source to let pinball machines operate?

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. Did you get money from any source to cooperate with an interest there to develop and create a monopoly in this business?

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. Where did you get the money?

Mr. HOLOVACHKA. I have answered.

The CHAIRMAN. No; you haven't. That is the trouble.

Mr. HOLOVACHKA. I have given you my legal objection, Senator, and I stand upon my legal objection.

The CHAIRMAN. Do you think now, as a public official, that you owe it to the people of your community, in view of this public development, to let them know the truth about it?

Mr. HOLOVACHKA. About my private affairs?

The CHAIRMAN. Yes, sir.

Mr. HOLOVACHKA. No, sir.

The CHAIRMAN. No; I mean about this money that you have been getting while the law has not been enforced?

Mr. HOLOVACHKA. That is a private affair, and I stand upon my legal objection.

The CHAIRMAN. It is not altogether a private affair in my judgment, and you agreed with me in the beginning, you gratuitously said, that you felt you owed a duty to them to explain it.

Mr. HOLOVACHKA. Pertaining to anything within the scope of this committee, I will be happy to explain, Senator.

The CHAIRMAN. You said notwithstanding it wasn't within the scope of this committee in the beginning. You said you felt you had a duty to explain it to them. Now I want to know: Are you willing now to issue a public statement under oath and give it to the press so that every interested citizen there may know your version of it?

Mr. HOLOVACHKA. What is happening to me today could happen to any citizen of this country.

The CHAIRMAN. It certainly could if he acted like you do.

Mr. HOLOVACHKA. And, Senator—

The CHAIRMAN. There is no question about it.

Mr. HOLOVACHKA. The Constitution and the Supreme Court has set down—we are not governed by men. We are governed by laws. I am simply trying to follow the laws of our great country.

The CHAIRMAN. That is the trouble out there, apparently. The people of Gary are not governed by law. They have no one to enforce the law. You had the responsibility for doing it. Now you come up here with a lot of excess money, and you say it is none of their business where you got it. Is that what you mean to say to the people back home?

Mr. HOLOVACHKA. That is the way you put it, Senator.

The CHAIRMAN. Have you got any other way of putting it?

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. How would you put it?

Mr. HOLOVACHKA. I don't think that my private affairs—

The CHAIRMAN. You say it is none of their business. Isn't that what I said you said?

Mr. HOLOVACHKA. If that is the way you want to put it, Senator, I will have to agree.

The CHAIRMAN. Do you want it any different?

Mr. HOLOVACHKA. I think I have a private life the same as any other citizen or individual.

The CHAIRMAN. You certainly do, until you trespass upon public affairs and fail in a public duty.

If you have done that, as the evidence here may indicate that you have, then it becomes public business and public interest. You said something about getting a chance to tell your story. I am trying to give you that chance.

Do you want to make any explanation of that money at all?

Mr. HOLOVACHKA. Senator, I stand upon my legal objection pertaining to my private affairs.

The CHAIRMAN. I thought so. That is your story.

Senator Capehart?

Senator CAPEHART. Mr. Chairman, the inference, I think, here is that Mr. Sohacki and Mr. Welbourn operate what is referred to as the syndicate in Lake County, and have been responsible for this money.

Did you testify under oath a moment ago that you only met Mr. Sohacki back in 1951?

Mr. HOLOVACHKA. That is correct, sir.

Senator CAPEHART. Are you saying under oath that you never had any business dealings with him since that time?

Mr. HOLOVACHKA. Never. Never at any time, Senator.

Senator CAPEHART. Are you saying under oath that you do not know Mr. Welbourn?

Mr. HOLOVACHKA. The first time I had seen him was in this committee room last—I believe it was Thursday; yes, sir.

Senator CAPEHART. So the two men who operate the syndicate in Lake County, you are testifying under oath that you do not know—you know one of them, but did not know the other one?

Mr. HOLOVACHKA. If they are operating a syndicate—I don't know what you mean by syndicate, Senator.

Senator CAPEHART. Well, the testimony has been here that they did.

Mr. HOLOVACHKA. Here is the thing. I understand a syndicate to be the type of a corrupt operation where, through force, and so forth, and bombings and things of that kind, they prevail upon people in a type of business to get a monopoly.

I can't say to you frankly that I know of any instance in which we have had any difficulties in our community where things of that kind had occurred. I certainly know of no hoodlums that were attached from any outside community, except as I had read in the paper, and I don't believe too much of what I read in the Gary Post-Tribune.

Senator CAPEHART. Are you testifying that the money that was deposited, the cash that was deposited to your account over this number of years, did not come from either one of these gentlemen?

Mr. HOLOVACHKA. Yes, sir.

Senator CAPEHART. Or their companies?

Mr. HOLOVACHKA. I presume from some of the evidence that has been developed before this committee that they have an interest in some companies—I don't recall which—but I presume they have an interest.

I don't know anything about those companies. The first time that I learned anything concerning those companies was when they were specified in a subpoena that I had received, and perhaps on previous occasions I may have read about these companies in the newspaper.

Senator CAPEHART. What do you know about this local union? You said a moment ago you wanted to make a statement on that. I think it only fair that we permit you to do it.

Mr. HOLOVACHKA. I have no knowledge concerning Local No. 1 of the Coin Operators and Repairmen's Union except that it was run by John Testo and his wife, and in my opinion this was not a union as I understand the objects and purposes of union organizations, but a personal financial racket for Mr. Testo and his members to attempt to maintain a monopoly in the coin-machine business.

I know of no effort on the part of anyone connected with my former office of prosecuting attorney or anyone else to destroy or bring about the dissolution of local No. 1. As a matter of fact, when I left the office of prosecuting attorney, Mr. Testo was in full operation of said organization, and that is on December 31, 1958.

It was not until after Mr. Sinclair, an investigator of your committee, proceeded to investigate Mr. Testo, that he decided to drop out as it was getting too hot in the kitchen. At said time, Mr. Testo arranged a meeting with his full organization and all of his members attended said meeting at the green room in the Gary Hotel, the early part of this year.

It was at this meeting that Mr. Testo introduced Mr. Sinclair to the members of his organization and Mr. Sinclair questioned said members



at length, and I might say many of them have not been subpoenaed to this hearing.

Subsequently, Mr. Testo attempted to turn the rein of said phony organization over to a hood from Calumet City who was obviously going to operate a shakedown racket, as can be attested to by literature from said hood to some of his members, which is now in the possession of Mr. Sinclair, which I have turned over to Mr. Sinclair.

I would suggest, Mr. Sinclair, that you turn that over to the Senator and let them see what a shakedown they were trying to operate, these hoods out of Calumet City, Ill.

It is my opinion that the reason said organization dissolved was that the local people in the coin-machine-operating business did not desire having their organization operated by some out-of-town racketeers, and perhaps they were fearful of the muzzle that such out-of-town racketeers might bring upon them, and, for that reason, discontinued paying dues to said organization.

Insofar as my relations with Mr. Testo, I have known him as a man supposedly connected with labor organizations for many years. At no time have I had any conversations with Mr. Testo during the past 5 years, except perhaps to say "Hello" or "Goodby."

I might qualify that by about 6 years ago, I think—my recollection isn't too good on the subject—I either issued a grand jury subpoena or requested him to come into the office, and his attorney, an attorney by the name of Momatt, and Mr. Sinclair knows about that, had called me and told me Mr. Testo's heart was bad, or there was something wrong with him, and he couldn't appear.

We put it off and I don't recall that we had any contact after that. As for Mr. Testo, I would personally consider him as shady a labor leader as we have in our community. I have recently read in the papers where he had supposedly been threatened. If this is true, which I doubt, but assuming it is, said threats undoubtedly came from his association of many years with the racketeering element.

I have at no time had any dealings with any gangsters, racketeers, or racketeering element in any way, shape, or form, nor have I received any money from anyone connected with the coin-machine business either directly or indirectly.

I might say that Mr. Testo, on numerous occasions, had attempted to get an AFL charter to operate this racket in Lake County, Ind. He wasn't successful in getting it because they knew his character, they knew his reputation, and they knew that he just wanted to use the AFL to operate a racket.

Mr. Sinclair came to my office and told me that Mr. Testo had been involved in some bombings over in the city of Hammond. The committee or the counsel of this committee, or Mr. Sinclair, didn't question Mr. Testo about his bombings, so that this committee could know the true character of this hood, racketeer, from our county.

SENATOR CAPEHART. Are you finished?

MR. HOLOVACHKA. There is one other thing I would like to bring out. I would challenge the investigators of this committee to produce one contract that he had ever had signed between any laboring men in this business and any operators. How would he have a contract when he was representing the operators on the one hand and the repairmen on the other?

He was just operating a racket and trying to collect from both. He told this committee that they paid \$1.50 a month dues. Senator, that is an outright lie. He committed perjury when he made that statement. The manner in which he operated was he was taxing these coin-machine operators 25 cents a month for each machine they had in the area, whether it was jukeboxes or other types of machines. They had to pay him 25 cents a month.

To the best of my knowledge, none of that money was used for purposes of a union organization. It was just a private racket of his.

Senator CAPEHART. One more question and then I am finished.

The records show you deposited \$327,724.27 in cash in your bank account, either deposited or spent, I believe. I have been corrected.

At this time do you wish to tell us the source of that money?

Mr. HOLOVACHKA. Senator, I stand upon my legal objection.

Senator CAPEHART. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. Mr. Holovachka, you picked up 150 machines, did you say?

Mr. HOLOVACHKA. Approximately. I would say that in the course of 6 years, that is approximately the correct number. I cannot tell you specifically.

Mr. KENNEDY. How many of Mr. Sohacki's and Mr. Welbourn's machines have you picked up?

Mr. HOLOVACHKA. I am very happy that you brought that up, Mr. Kennedy, because from the testimony that we have had here so far before this committee, there is an indication that there must have been less than one dozen machines that belonged to other operators that were picked up.

So I would say that approximately 140 of them belonged to Mr. Sohacki, or whoever you might say the other people were in the business.

Mr. KENNEDY. That is very interesting. Have you got any records now to show the machines that you picked up of Mr. Sohacki and Mr. Welbourn?

Mr. HOLOVACHKA. Your committee members went to Mr. Conroy's garage and they took the numbers off those machines. I don't know who they belong to. But the committee members checked them and they would be able to tell you who they belong to.

Mr. KENNEDY. Mr. Holovachka, just tell us what records you have showing the machines you picked up of Mr. Sohacki and Mr. Welbourn.

Mr. HOLOVACHKA. I don't have any records because I didn't know who the machines belonged to and it didn't make any difference to me.

Mr. KENNEDY. Can you show us any records that you have where you picked up one machine of Mr. Sohacki and Mr. Welbourn?

Mr. HOLOVACHKA. I suggest—

Mr. KENNEDY. Just you. You are the one. You give us the number of one machine—

Mr. HOLOVACHKA. I personally never picked up the machines. My investigators picked up the machines. I do not know who they belong to.

Mr. KENNEDY. You are not answering the question. Give us the records of one machine of Mr. Sohacki or Mr. Welbourn that you ever had picked up. Give us the records of one machine.

Mr. HOLOVACHKA. Don't know who these others belong to. I don't know who they belong to.

Mr. KENNEDY. Just one machine, Mr. Holovachka.

Mr. HOLOVACHKA. As I say, I don't know. But I am certain that they have checked records of a lot of people, and they could probably tell you whose machines belong to whom.

Mr. KENNEDY. We have checked. We check the records of Sohacki and Welbourn, and find that none of their machines were picked up. That is what we found. You want to know what we found. We found that none of their machines were picked up when we started the investigation. It is all very well for you to sit there and say, "I didn't get any money from racketeers, any money from gangsters. I didn't get any money from pinball operators." But you did get the money. You get all of these \$10 and \$20 bills, and the record has to show that you got it from this kind of people, unless you refute it.

You refuse. You talk about Testo coming in here. Mr. Testo didn't take the fifth amendment. He didn't dodge around. He answered the questions.

Mr. HOLOVACHKA. I haven't taken the fifth amendment, either.

Mr. KENNEDY. You are dodging around and taking what amounts to the fifth amendment.

Mr. HOLOVACHKA. I am a citizen of this country and entitled to the protection of all of its laws.

Mr. KENNEDY. Where did you get the \$110,000 in \$10 and \$20 bills? Tell the committee that.

Mr. HOLOVACHKA. I have objected——

Mr. KENNEDY. Yes.

Mr. HOLOVACHKA. I have stated my objection.

The CHAIRMAN. Let me ask you this, Mr. Prosecutor——

Mr. HOLOVACHKA. Ex-prosecutor, Senator.

The CHAIRMAN. All right. I stand corrected.

Did you, while you were prosecuting attorney, keep a record of the machines you picked up or had picked up?

Mr. HOLOVACHKA. Did we?

The CHAIRMAN. Yes.

Mr. HOLOVACHKA. No.

The CHAIRMAN. Why?

Mr. HOLOVACHKA. There wasn't any reason to do it.

The CHAIRMAN. Yes; there is, and you know it, as a lawyer. You are not arguing with me. You know better.

Mr. HOLOVACHKA. Senator, let me say this to you: If I had ever anticipated that such a thing as is going on here today, or I had contemplated, you could rest assured I would have had the most perfect records of any man that ever sat in that office, because we did keep——

The CHAIRMAN. I would think you would have better records than you have now; yes. I don't know whether they would have been perfect.

Let me ask you, as a lawyer and as a public official, do you think you have a right to order your investigators or your deputies to go

out and take personal property belonging to another and make no official record of it, or keep no official record of it?

Mr. HOLOVACHKA. When there was evidence of gambling; yes, sir.

The CHAIRMAN. Where is any law to sustain that? Here you make a decision as a public official and there is no record kept of it. Is that what you are testifying to?

Mr. HOLOVACHKA. Senator, let me explain to you why perhaps we did not make arrests in these cases.

The CHAIRMAN. It would be very interesting to know why you didn't keep a record of the personal property you took away from others.

Mr. HOLOVACHKA. We didn't make arrests in these cases, Senator, for the reason that we were cognizant of the fact that the people that had them in their places there were not primarily responsible for the ownership of these machines, and that they did belong to somebody else.

The CHAIRMAN. It doesn't matter who owned them. Whoever owned them owned them under the law, had a legal right, I suppose, to own them, unless it is a violation of the law to own them. Whether it was a violation of the law or not could be a subject matter at issue in a court case. Therefore, there should be a record of the machines you took up, and a record of the machines that you ordered destroyed, if you had the authority to order them destroyed.

Do you, as a prosecuting attorney, have the authority to issue an order to destroy personal property?

Mr. HOLOVACHKA. Yes, sir; I do, so long as it isn't where we have had a conviction. If there has been a conviction in a court of law, then it must be under the direction of the court. But in these other instances—

The CHAIRMAN. I will challenge that statement. I don't believe there is. I do not believe there is a case anywhere in law in any State that authorizes you to go out and pick up property and you make the decision about destroying it.

Mr. HOLOVACHKA. None of these people filed a writ of replevin for any of the machines and haven't sued me.

I want to say to you that I was sued for \$100,000 in a Federal court. There were organizations there interested in cleaning up salacious literature and magazines and things of that kind. Do you think one of them came to me and said, "Mr. Holovachka, if they get a judgment against you, we will help you out financially." Not one of them.

The judgment was against me and I had to pay the court costs in the case.

The CHAIRMAN. Well, I declare.

Proceed, Mr. Kennedy.

Have you anything further?

Mr. KENNEDY. Following up Senator McClellan's questions to you, can you give us the statute that allows or permits you to destroy the equipment?

Mr. HOLOVACHKA. I don't know of any statute, but no one has challenged my authority to do so up to the present time, Mr. Kennedy.

Mr. KENNEDY. Can you tell us the statute under which you can pick up the property, confiscate the property?

Mr. HOLOVACHKA. Yes. Any device that is used for gambling, if the person catches them in the operation of gambling equipment, those things can be confiscated.

Mr. KENNEDY. Who caught them in the operation of gambling?

Mr. HOLOVACHKA. Mr. Conroy went into many of these places and he played the machines. My specific instructions to him were to go into the place to play the machine, to get a payoff, and then after he had the evidence, to tell the people to get the machines out of the place or else if they didn't do it, to pick the machines up.

Mr. KENNEDY. First, what statute is that, that gives you the right to pick the machines up?

Mr. HOLOVACHKA. The general gambling—

Mr. KENNEDY. No. 1, we have had testimony that that never happened that he just came in and told them he was picking the machines up.

Mr. HOLOVACHKA. That I question.

Mr. KENNEDY. What statute is it that gives you that right?

Mr. HOLOVACHKA. The general gambling statute. Do you mean to say to me—Mr. Kennedy, I am not going to quibble with you about wording of a particular statute. But I will say this to you: Do you mean to tell me they could go in and break up a crap game and not pick up the dice and money?

Mr. KENNEDY. All I want to know is where you have the right under the law to pick up this equipment. Show it to me.

(A book was handed to the witness.)

Mr. HOLOVACHKA. I refer you specifically to section 10-2330, and specifically to section 4, paragraph (4).

Mr. KENNEDY. That is what gives you the authority?

Mr. HOLOVACHKA. I would say so. And the other general gambling statutes.

Mr. KENNEDY. This is the one you selected.

Section 4 says—10-2328—is that what you said? It says:

Upon the conviction of any offender for a violation of this act, the court shall order the sheriff to seize any slot machines.

Mr. HOLOVACHKA. Upon the conviction. In this case, the people were not convicted.

Mr. KENNEDY. So how did you have the right to seize it?

Mr. HOLOVACHKA. We saw the law violation.

Mr. KENNEDY. Is that a conviction in Lake County?

Mr. HOLOVACHKA. Mr. Kennedy, if we didn't have a right, they could have filed a suit to replevin the machines up to the present date.

Mr. KENNEDY. All I am trying to get is the legal rights that you had. If you say you had the legal right in those cases, you had the legal right to clean out the whole of Lake County of these machines. But you only selected certain machines.

Mr. HOLOVACHKA. No. You are wrong. If we caught them gambling, no matter where we caught them gambling with pinball machines, we had them removed or cleaned them up.

Mr. KENNEDY. Where did the \$327,000 in cash that you had come from, Mr. Holovachka?

Mr. HOLOVACHKA. I stand upon my legal objection.

Mr. KENNEDY. If you performed all of these services for Mr. Sohacki and Mr. Welbourn during this period of time, and did it for

nothing, I would hate to think what you did for the people that paid you.

Mr. HOLOVACHKA. Well, I don't think that is a fair statement. I don't believe you are being fair, Mr. Kennedy.

Mr. KENNEDY. I will be fair. I will ask you where you got the money, \$327,000 in cash. Where did you get it?

Mr. HOLOVACHKA. I don't think that is within the scope of your jurisdiction to find out as chief counsel of this committee.

The CHAIRMAN. The witness has repeatedly refused to answer where he got the money. He takes the position that this committee does not have the authority or jurisdiction, notwithstanding the record that has been made. The Chair has ruled repeatedly that it does have the authority, it has the jurisdiction, and the witness has the duty to answer the question. Once and for the last time, the Chair orders and directs you to answer the question: "Where did you get the money?"

Mr. HOLOVACHKA. I stand upon my legal objection, Senator.

The CHAIRMAN. That order continues through your testimony.

Mr. KENNEDY. Let me ask you this: "Will you give the authorities of the State of Indiana the information as to where you got the money, if they inquire of you as to where the money came from?"

Mr. HOLOVACHKA. The authorities of the State of Indiana? What more right would they have to that information unless it were pertinent to their investigation than you have, Mr. Kennedy?

Mr. KENNEDY. What is the answer to the question?

Mr. HOLOVACHKA. I have answered the question.

Mr. KENNEDY. Will you give them the information if they request it?

Mr. HOLOVACHKA. If they have a legal right to the information, I will give it to them. If they do not have a legal right to it, I will not give it to them.

Mr. KENNEDY. What about the Governor of the State of Indiana, if he inquires into this matter and wants the information? Will you give him the information?

Mr. HOLOVACHKA. The Governor has no right to inquire into this matter.

The CHAIRMAN. Who does have a right? Anybody? Any tribunal on earth?

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. Who?

Mr. HOLOVACHKA. The prosecuting attorney.

The CHAIRMAN. No one else?

Mr. HOLOVACHKA. That is correct. And, of course, your Internal Revenue Department has a right, and they are doing so at the present time, Senator.

Mr. KENNEDY. If the prosecuting attorney requests this information, Mr. Vance requests this information from you, will you give him this information?

Mr. HOLOVACHKA. If I feel, after a proper study of the law, that he has the right to it, I shall give it to him. If I feel he does not have a legal right to it, I shall not.

Mr. KENNEDY. You just answered the question of the chairman and he asked you who under God's heaven has the right and you said the

prosecuting attorney. I am asking if you will give him the information.

Mr. HOLOVACHKA. I say if he has a legal right to it, I will.

Mr. KENNEDY. You are the one who said he did.

Mr. HOLOVACHKA. To this information? I didn't mean to imply that, Mr. Kennedy.

Mr. KENNEDY. I see.

Mr. HOLOVACHKA. Let us not twist my words.

Mr. KENNEDY. You are the one who made the statement. You wouldn't give it to anybody, then, will you, Mr. Holovachka?

Mr. HOLOVACHKA. I will give it to anybody that has a legal right to have it.

Mr. KENNEDY. Mr. Chairman, we have just one more short witness.

Mr. HOLOVACHKA. May I be excused?

The CHAIRMAN. No. You may stand aside for the present.

Call the next witness.

Mr. KENNEDY. Mr. Peter Chronokowski was called as a witness. He has sent in a telegram that he is too ill to testify. He helped in the picking up of these machines. He is a justice of the peace. He was incapacitated while driving in his automobile.

The CHAIRMAN. For the information of the committee, the Chair will announce that we have a telegram from Peter S. Chronokowski, dated June 5, advising that he is unable to attend the hearings. From a news report, and this is from a newspaper report, apparently this man had a car accident, and he is now charged with an offense in connection therewith because of his condition at the time. Therefore, we await until he recovers sufficiently so that he may attend.

I understand that he has information regarding the picking up of the machines. We intended to have him here today.

(At this point Senator Kennedy withdrew from the hearing room.)

Mr. KENNEDY. Could I call Mr. Smith?

The CHAIRMAN. Mr. Smith, come forward, please.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMITH. I do.

### TESTIMONY OF FRANK J. SMITH

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. SMITH. My name is Frank J. Smith. I have an accounting business at 113-115 South Court Street, in Crown Point, Ind.

The CHAIRMAN. How long have you had that business?

Mr. SMITH. For about 8 years, sir.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. On May 20, 1959, Mr. John Thiede, of the committee staff, subpoenaed you and certain records that you had in your possession, the records of Mr. Metro Holovachka; is that correct?

Mr. SMITH. That is right, sir.

Mr. KENNEDY. And at that time, when he came to see you—well, would you relate to the committee what occurred?

The CHAIRMAN. You had received a subpoena, as I understand it, to deliver certain records in your possession?

Mr. SMITH. Let me say this first——

The CHAIRMAN. All right, say it your way.

Mr. SMITH. Mr. Thiede asked me if I had any records of Mr. Holovachka. I advised him that I had some penciled copies of tax returns of Mr. Holovachka. I reached in the drawer and took them out. Mr. Thiede gave me a subpoena at that time. I asked Mr. Thiede where he wanted to work, whether he wanted to work across my desk from me, or back in a conference room that I have in the back office.

Mr. Thiede said he did not want to work any place; he wanted to take the records with him.

I asked him if he would give me a receipt for such records, and he said he would.

It is not customary for an accountant to let such records go out of his office.

I then called Mr. Holovachka and advised him that Mr. Thiede had served a subpoena on me for his records. Mr. Holovachka told me, "Just a minute, there is something I want him to read. I will be right over."

In about 3 minutes or 5 minutes Mr. Holovachka came into my office. I introduced Mr. Thiede to Mr. Holovachka. Mr. Holovachka said, "Are those my records?"

I said, "Yes, sir."

He reached over and picked them up. He put them in front of him where he was standing. He opened his briefcase and took out a piece of paper and said, "I want you to read this," and handed it to Mr. Thiede.

The CHAIRMAN. Then what happened?

Mr. SMITH. Mr. Thiede read the paper, and said, "I am not a lawyer. I don't understand these things," and handed it back to Mr. Holovachka.

Mr. Holovachka, I believe, told him that such a letter had been sent to your committee and he was awaiting a reply.

He picked up the records, the folder that he had brought with him as well as the folder that had the penciled copy of the tax returns, and walked out of the office with them.

I told Mr. Thiede, "You fight and get them back."

The CHAIRMAN. Those were records of your own, were they not, that you made, yourself, in connection with the tax returns?

Mr. SMITH. After our discussion or our hearing prior to now. I have since discussed it with my office force. There were some records in that file that were made up by him and in his handwriting.

The CHAIRMAN. And the other records were your own?

Mr. SMITH. Well, yes, sir.

The CHAIRMAN. Let's get it straight.

In making up his return he had furnished you information, I assume.

Mr. SMITH. Yes, sir.

The CHAIRMAN. Some of the records that he furnished upon which you calculated his tax return or made out his tax return, were in the file along with your records that you developed in the course of doing your work in making up the returns?

Mr. SMITH. Yes, sir.

The CHAIRMAN. The subpoena had called for your records, had it not?



Mr. SMITH. Yes, sir.

The CHAIRMAN. Did he know when he took that, that some of those were your records?

Mr. SMITH. I am not sure, sir.

The CHAIRMAN. How could he fail to know when he looked at it there before you?

Mr. SMITH. I couldn't tell you whether he knew. It is assumed that he knew.

The CHAIRMAN. He knew they were being subpoenaed, did he not?

Mr. SMITH. Yes, sir.

The CHAIRMAN. You know he knew that?

Mr. SMITH. Yes, sir.

The CHAIRMAN. And he took those records from under a subpoena that was served on you there at that time?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Which had just been served on you?

Mr. SMITH. Yes, sir.

The CHAIRMAN. He took them out from the jurisdiction of that subpoena?

Mr. SMITH. Yes, sir.

The CHAIRMAN. He left with them?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Have you ever seen them since?

Mr. SMITH. No, sir.

The CHAIRMAN. They have never been returned to you?

Mr. SMITH. No, sir.

The CHAIRMAN. You have no further custody or control over them?

Mr. SMITH. That is right, sir.

The CHAIRMAN. Even your own records?

Mr. SMITH. I beg your pardon?

The CHAIRMAN. Even your own records, those you made and had there at that time?

Mr. SMITH. I have no records.

The CHAIRMAN. You have not now. But you did have records. You have not now any records.

Mr. SMITH. No, sir; I do not have.

The CHAIRMAN. But you did have them at the time the subpoena was served on you?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Mr. Chairman, as you know, he was ordered in here to produce those documents, and evidently the reason he is not producing them now is because Mr. Holovachka took them from him.

The CHAIRMAN. Is that the reason you are unable to produce the documents?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Otherwise you would produce them?

Mr. SMITH. I think that was clearly evident when I——

The CHAIRMAN. I am just asking you for the record. In other words, you are not a party to obstructing the processes of this committee.

Mr. SMITH. That is right.

The CHAIRMAN. You would have delivered the record, you would have no objection to it, it had already been agreed that you would deliver them and get a receipt for them before he came over there.

Mr. SMITH. Yes, sir.

The CHAIRMAN. Am I stating it correctly?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Then the reason you are unable to comply with the subpoena today is because of his actions as you have related?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Any further questions?

Mr. KENNEDY. No.

The CHAIRMAN. The committee will stand in recess until 10:30 in the morning.

Just a moment. We received a telegram. Ordinarily we do not put these into the record, but for the benefit, if there may be any, from it, here is a telegram from the Chamber of Commerce of Gary regarding the situation there, in which it points out that the chamber of commerce is opposed to some of the things that have been developed here.

I shall place the telegram in the record at this point, not as evidence, but merely as a statement from the community.

(The telegram referred to follows:)

GARY, IND.

Senator HOMER CAPEHART,  
*Senate Hearing Room, Senate Office Building, Washington, D.C.:*

This is what we sent to the Senate Rackets Committee today:

"Senator JOHN McCLELLAN,  
*Senate Rackets Committee.*

"GENTLEMEN: Since the Gary Chamber of Commerce and all Gary citizens were mentioned in yesterday's session of your hearings we felt that we should make a statement to be read before the committee and to be entered into your official records in an effort to set the records straight regarding Gary and its citizens. Here is our statement: 'The Gary Chamber of Commerce is definitely dedicated and devoted to building a better Gary. We are definitely opposed to crime and corruption in any form. Our records show that we as a chamber of commerce have never attempted to pass judgment on any public official since that is not a proper function of the chamber. However, in August of 1954 our organization did propose publicly that a thorough investigation of Gary's crime condition be conducted by a competent out-of-State agency.

"Furthermore, there was a question raised about the citizens of Gary. An overwhelming majority of our citizens are honest and upright and want and deserve good government. We have approximately 200 churches in Gary and nearly 100,000 people worship there each week. We have good schools; many fine cultural and recreational facilities, and many other things of which we are proud.

"Our chamber of commerce won a national honor last year for our outstanding achievements. We were judged to be one of the top chambers in the Nation in 1958. We are eager and willing to cooperate in any way we can to help make Gary a better place to live and work. We have a wonderful city now but we know it could be better as all cities can be.

"The Gary Chamber of Commerce always welcomes suggestions and appreciates cooperation in helping to build a better Gary.'"

Yours sincerely,

THE GARY CHAMBER OF COMMERCE EXECUTIVE COMMITTEE.

The CHAIRMAN. The committee will stand in recess until 10:30 in the morning.

(Members of the select committee present at time of recess: Senators McClellan and Capehart.)

(Whereupon, at 5:15 p.m. the select committee recessed, to reconvene at 10:30 a.m., Tuesday, June 9, 1959.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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TUESDAY, JUNE 9, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; John D. Williams, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the time of convening: Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Duffy and Mr. Williams of the committee staff, Mr. Chairman.

The CHAIRMAN. Mr. Williams, you do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILLIAMS. I do.

## TESTIMONY OF LaVERN J. DUFFY (Resumed) AND JOHN D. WILLIAMS

The CHAIRMAN. State your name.

Mr. WILLIAMS. My name is John Williams; my residence is 7224 South Bennett, Chicago.

The CHAIRMAN. Are you associated with this committee?

Mr. WILLIAMS. I am a member of the audit staff of the U.S. General Accounting Office, and I have been on this committee for about 14 months.

The CHAIRMAN. On loan to this committee?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. All right; proceed.

Mr. KENNEDY. Mr. Duffy, we have been discussing the coin operation in areas chiefly around Gary, and separated from that, the area

around East Chicago, because, as we pointed out in the first day of the hearings, it was a different type of operation and a different company operating in East Chicago.

Would you relate to the committee what the situation is as far as East Chicago is concerned, the name of the company that operates there, and what we have found out on general terms about the company?

Mr. DUFFY. We have found there is one company that has a monopoly in the East Chicago area, which includes the city of East Chicago and Indiana Harbor. This area includes about 60,000 people.

They have a monopoly of coin-operated gambling-type pinball machines and the name of the company is Lakeside Specialty Co.

Mr. KENNEDY. Lakeside Specialty Co.?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. Who owns that company?

Mr. DUFFY. Currently two individuals own the company, and their names are Mr. Rowland Schaefer and Mr. Kenneth McDonald.

Mr. KENNEDY. How do you spell Schaefer?

Mr. DUFFY. S-c-h-a-e-f-e-r, and M-c-D-o-n-a-l-d.

Mr. KENNEDY. Is there a city ordinance in East Chicago dealing with the pinball operation?

Mr. DUFFY. Yes, there is an ordinance passed in 1951 which relates to the licensing of amusement-type pinball machines only. They do not license gambling-type pinball machines.

Mr. KENNEDY. Would you relate what that ordinance is, please?

Mr. DUFFY. Now, the particular section of the city of East Chicago, section 2-501, chapter 5, cigarette and coin vending machines, juke-boxes, mechanical and coin amusement devices.

I won't go into the particular sections, but it states definitely that no type of gambling machines are allowed in the area.

Mr. KENNEDY. But it does provide, the ordinance does provide, that all other kinds of machines should be licensed; is that right?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And they have to be licensed?

Mr. DUFFY. Yes; they have to be licensed.

Mr. KENNEDY. Now, just going back to the question of the law in the State of Indiana, we have found, have we not, that the pinball machines or the bingo machines we have been discussing here were illegal per se from 1953 to 1955; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Then from 1955 to 1957, they were only illegal if there was gambling actually found to be taking place.

Mr. DUFFY. That is correct.

Mr. KENNEDY. From 1957 up to the present time they were illegal, per se.

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. They were made illegal by the State legislature; is that correct?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. They were illegal from 1953 to 1955 and from 1957 on?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. And from 1955 to 1957, the actual gambling had to be discovered by a representative of law enforcement?

Mr. DUFFY. That is correct. There is one thing, the licensing for each particular coin-operated pinball machine was \$40 apiece, from the city of East Chicago.

Mr. KENNEDY. That is East Chicago, Ind.?

Mr. DUFFY. That is the licenses and you have to purchase in order to play the machine or use the machine over there.

Mr. KENNEDY. Have we found that the gambling-type machines, even though forbidden by the ordinance in East Chicago, actually were licensed?

Mr. DUFFY. Yes, sir; we have. We found from our examination—and we have conducted a number of interviews in the area—we found that all of the location owners were not reluctant to admit that they had made payoffs on the machines, and will admit it.

Mr. KENNEDY. These were gambling-type, with the recorded replay?

Mr. DUFFY. That is correct.

Mr. KENNEDY. So they were illegal, per se.

Mr. DUFFY. Illegal, per se.

Mr. KENNEDY. And do we find that they were licensed?

Mr. DUFFY. They were licensed; a few of those were licensed.

Mr. KENNEDY. Would you relate, Mr. Williams, what you have found as far as the licensing was concerned?

First, did we make an investigation to find out whether these machines had received gambling stamps?

Mr. WILLIAMS. Yes, sir. We determined that the Internal Revenue Service in Indianapolis had issued some 312 gambling stamps for machines in the area of East Chicago, Ind., and Indiana Harbor, for the fiscal year 1958-59.

Mr. KENNEDY. How many of those machines were there?

Mr. WILLIAMS. Some 312 had been issued at the time of our examination.

Mr. KENNEDY. They have been active in this area that we were discussing.

Mr. WILLIAMS. They were issued to that area, to locations in that area.

Mr. KENNEDY. Do we find that some of these received licenses or were licensed by the city of East Chicago?

Mr. WILLIAMS. We went over to the city of East Chicago City Hall and went through the license file, and determined that up to just prior to the election, which was in the first week of May of this current year, that some 75 machines had been licensed out of the 300-some Federal licenses which had been issued.

Mr. KENNEDY. Actually, then, East Chicago only licensed 75 of the machines?

Mr. WILLIAMS. At the present time.

Mr. KENNEDY. That was about 25 percent of all of the machines active in this area were actually licensed; is that correct?

Mr. WILLIAMS. That is right.

Mr. KENNEDY. And also in violation of the law of the State of Indiana, there were some 300 machines that were active or more than 300 machines that were active in this area?

Mr. WILLIAMS. Some 300 had been issued Federal stamps; yes, sir.

Mr. KENNEDY. And we found from our own investigation that they had been making payoffs; is that correct?

Mr. WILLIAMS. Yes; in the interviews we conducted, there was no reluctance to admit the fact that these machines paid off in cash.

Mr. KENNEDY. Now, Mr. Duffy, we have a list of all of the locations that have these kind of machines, is that correct, and received the gambling stamps?

Mr. DUFFY. This is a document secured from Mr. Howard Duncan, who is hired by Lakeside Specialty Co. for one purpose, purchasing Federal gambling stamps for Lakeside. This is the list of all of the locations that Federal gambling stamps were purchased for and this was secured from the Internal Revenue Service, and it is a photo-static copy of a document presented to the Internal Revenue Service by Mr. Duncan.

Total amount of money turned in to Internal Revenue to purchase these stamps was \$45,530, and it was given to the Internal Revenue Service in July of 1958.

Mr. KENNEDY. For what period of time?

Mr. DUFFY. For 1959. That is partial payment only, and this was not for \$250 stamps for all of them, and it was a partial payment only. That is for 302 machines.

Mr. KENNEDY. So we have a double situation here, of where this type of equipment is made illegal by the State of Indiana, and it is illegal under the ordinance of East Chicago, and yet we find more than 300 of these machines actually operating; that is No. 1.

Mr. DUFFY. That is correct.

Mr. KENNEDY. And No. 2 is that the machines are supposed to be licensed, machines operating in this area, and we find only approximately 25 percent of them have been licensed.

Mr. DUFFY. That is correct. There is one other violation of city ordinance, too. The city ordinance specifies under section 2-510 that a placard shall be placed on every such machine, jukebox, or device in a conspicuous place which will contain the name of the owner and person in charge of such machine or device.

Now, we didn't find on any of these machines the name of the owner on the machines.

Mr. KENNEDY. Now, what have been the receipts, or gross receipts of this company that we found?

Mr. WILLIAM. We examined the gross receipts of the company.

Mr. KENNEDY. From November 1, 1952 to December 31, 1957.

Mr. WILLIAMS. The Lakeside reported gross receipts in this period of \$1,213,000 in round figures.

Mr. KENNEDY. What was the total take?

Mr. WILLIAMS. We estimate, on the basis of the 50-50 split with the location owners, that the gross take was \$2,426,000.

Mr. KENNEDY. For the period November 1, 1952 to December 31, 1957?

Mr. WILLIAMS. That is correct.

Mr. KENNEDY. Now, could you tell us who the partners are and what their split is in this operation?

Mr. DUFFY. The original partners were Mr. Gilbert Kitt and Mr. Rowland Schaefer, and Frank Rizzo, and John J. Powers. Now, Mr. Kitt put into the company \$3,108, or 30 percent total capitalization, and Mr. Schaefer put in \$3,108, and Mr. Powers put in \$2,072, and Mr. Rizzo put in \$2,072; total capitalization was \$10,360.

From the period of 1952 through 1957, for this capitalization of \$10,000, they took from this company \$560,973.68. Do you want me to break down the individuals?

Mr. KENNEDY. Yes.

Mr. DUFFY. Mr. Kitt, for his investment of \$3,000, took out \$69,-379.13. Mr. Schaefer put in \$3,000 and he took out \$221,882.97. Mr. McDonald, we don't know the amount of money he invested because he made some arrangement with the other partners, and we don't know how much money he actually put into the company, but he took out \$162,657.16.

Mr. Powers put in \$2,072 and he took out \$48,597.21. Mr. Rizzo put in \$2,000 and he took out \$58,467.21.

Again, the total would be taken out, \$560,973.68.

Mr. KENNEDY. Do we find that the company made certain gifts to certain public officials?

Mr. DUFFY. Yes, we have. We found from examining the records of the partnership that a number of gifts have been purchased at Christmastime by Lakeside Specialty Co., and were given to law-enforcement officials in the area.

Mr. KENNEDY. Would you relate to the committee what we have found?

Mr. DUFFY. From examining the records of Lakeside, and also examining the records of the H. Horowitz & Co., located in Chicago, 36 State Street, we found from the period of 1954 through 1959 they purchased \$23,433 worth of gifts.

Now, this \$23,000 is based on the wholesale value of the goods purchased and they were purchased at wholesale price, so you have to add actually 40 percent to this amount to get the retail value of the gifts.

Mr. KENNEDY. Have you added that?

Mr. DUFFY. The retail value, approximately, would be \$32,760.46. That, again, is an approximate figure.

(Members of the select committee present at this point in the proceedings: Senators McClellan and Capehart.)

Mr. KENNEDY. Do we find that these gifts went out every year, not only at Christmastime but at other times during the year?

Mr. DUFFY. Other times during the year, but mostly at Christmastime.

Mr. KENNEDY. Would you relate what we found?

Mr. DUFFY. For example, some of the gifts to public officials: We found on December 10, 1956, Mr. Walter Baron received some gifts.

Mr. KENNEDY. Who is he?

Mr. DUFFY. He is the city comptroller of the city of East Chicago. He has control of the issuance of licenses to pinball machines in the area. As I said, all of these machines in the East Chicago area are the gambling-type bingo machines.

Mr. Baron received a number of gifts. I will go through each one. One martini jigger for \$3.35, a clock, ashtray, knife set, a pair of candlesticks, chafing dish, and that type of gift, the total wholesale prices being \$117.56 for the gifts.

Mr. Mike Vinovich—Mr. Vinovich is the chief of police of the city of East Chicago—he received gifts valued at \$118.23 for the year 1956. The date of the gifts sent was December 10. The retail

price was \$118.23. Some of the gifts to him were clocks, lipstick, poker-chip set, candlesticks, and martini jigger, a number of items.

Sheriff Jack West, who was the sheriff of Lake County during this period—gifts were sent to the county jail by Horowitz & Co. of Chicago on December 12, 1956—the wholesale value, again, is \$220.87. Some of the items were book ends, radio, candlesticks, chafing dish, clock, et cetera; barometer, book ends—a number of items. They total \$220.87.

Mr. Metro Holovachka also received some gifts from the Lakeside Co. On December 12, 1956, he received gifts valued at \$213.97. This, again, is the wholesale value. You have to add 40 percent to that to get the retail value.

The CHAIRMAN. Who are you identifying now?

Mr. DUFFY. These are gifts to Mr. Metro Holovachka from the Lakeside Co.

The CHAIRMAN. The prosecutor who testified here yesterday?

Mr. DUFFY. That is correct.

The CHAIRMAN. What is this company that is dispensing these gifts?

Mr. DUFFY. The Lakeside Specialty Co.

The CHAIRMAN. Is that the one that gets the license to operate the gambling machines?

Mr. DUFFY. In the East Chicago area. Of course, Mr. Holovachka had jurisdiction to enforce the law in that area as well as Gary.

The CHAIRMAN. That is within his jurisdiction?

Mr. DUFFY. That is correct.

Some of the gifts were: Radio, barometer, candlesticks, chafing dish, clock, bowl, radio. As I said, the value was \$213.97.

Mr. Walter Conroy, who also appeared as a witness before this committee, chief investigator for the county prosecutor's office, also received gifts in 1956. The value of the gifts was \$158.88. Some of the gifts were radio, knife set, knife sharpener, poker-chip rack, ice cream freezer, candlesticks.

Mr. Peter Chronowski, justice of the peace, who was too ill to appear, also received certain gifts.

The CHAIRMAN. Is that the man who had an accident and is not able to be here?

Mr. DUFFY. That is correct. In 1956 he received some gifts valued at \$150.88: Martini jigger, Zenith radio, knife sharpener.

Mr. KENNEDY. And a record player?

Mr. DUFFY. A record player, ice cream freezer, and candlesticks.

Mr. Peter Chronowski also received another gift in 1956; he received a hi-fi phonograph for \$119.90. That was December 19, 1956.

We have Mr. Walter Jerosé, the mayor of East Chicago, who received a number of gifts in 1956 from the Lakeside Specialty Co. The value of these gifts was \$1,020.56. Then, of course, you have to add 40 percent.

The CHAIRMAN. Who is that? That is the mayor?

Mr. DUFFY. The mayor of East Chicago.

The CHAIRMAN. He did a little better than some of the others.

Mr. DUFFY. Yes, sir.

The CHAIRMAN. What was the amount?



Mr. DUFFY. \$1,020.56. Of course, you have to add about \$400 to that to get the retail value. That is wholesale. Some of the items, Mr. Chairman, were: Cultured pearl and earring set, \$230; Stereo-Realist camera, \$119; hi-fi recorder, \$90.56; a pair of binoculars for \$70.50. There are a number of items here, but those are the largest.

The CHAIRMAN. That is from whom?

Mr. DUFFY. From the Lakeside Specialty Co., a pinball syndicate company that had a monopoly in East Chicago.

Mr. KENNEDY. There are about 30 different items that the mayor received?

Mr. DUFFY. That is correct.

Mr. KENNEDY. Knives, forks, teaspoons, salad forks, soup spoons?

The CHAIRMAN. Can we expedite this by inserting the whole list as an exhibit?

Do you have a list there of those you have read and a number of others who received gifts from the Lakeside Specialty Co.?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Is it quite a lengthy list?

Mr. DUFFY. It is rather long, Mr. Chairman.

I would like to refer again to some of the individuals who appeared before this committee, some of the gifts they received in other years.

The CHAIRMAN. All right. You compiled the list and you have verified it, have you?

Mr. DUFFY. We checked it with the invoices of the company in Chicago. These items were shipped by the company in Chicago to these individuals.

The CHAIRMAN. You checked the invoices?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. This list may be made exhibit No. 9 for reference. (Document referred to was marked "Exhibit No. 9" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may proceed to highlight any part of it.

Mr. DUFFY. In 1957, Mayor Jerosé also received some gifts at Christmastime. On December 19, 1957. The value of these gifts was \$984.63. Among the items was a 5-piece stud set, \$118; 14-karat diamond brooch, \$234; a 14-karat man's watch, \$95; a camera for \$79.40; a radio for \$76.46; a whisky clock, \$56; coffeemaker, \$48; a thirst extinguisher, \$15.70.

The CHAIRMAN. A what?

Mr. DUFFY. A thirst extinguisher.

The CHAIRMAN. A thirst distinguisher?

Mr. DUFFY. Extinguisher.

The CHAIRMAN. I see.

Mr. DUFFY. A pocket watch. There are a number of items here also, Mr. Chairman.

Mr. Peter Chronowski also received gifts in 1957, valued at \$165.82.

Mr. KENNEDY. The same people received them again in 1957; is that correct?

Mr. DUFFY. That is correct.

Mr. Holovachka, Mr. Baron, the sheriff—Sheriff Jack West—Mr. Conroy.

The CHAIRMAN. In comparable amounts, or comparable value?

Mr. DUFFY. Comparable amounts.

The CHAIRMAN. All right.

Mr. DUFFY. I will also mention one other item.

In 1958, on May 1, 1958, Mayor Jerose received a 14-karat Hamilton wristwatch for \$95.45 from Lakeside.

The CHAIRMAN. They didn't necessarily wait until Christmas?

Mr. DUFFY. Not necessarily.

The CHAIRMAN. When is his birthday? Did you get any information on that?

Mr. DUFFY. No, I didn't, Mr. Chairman.

The CHAIRMAN. Or anniversary?

Mr. DUFFY. I didn't check that, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. I believe I will direct this to Mr. Williams.

You say the investment by Kitt was \$3,100, Schaefer, \$3,100, and others—Powers, \$2,000, and Rizzo \$2,000, making a total of \$10,000.

Who owned these machines that they operated?

Mr. DUFFY. They were leased from the Empire Coin Co. out of Chicago.

Senator CAPEHART. They were leased?

Mr. DUFFY. Some of them were leased and some of them were owned. We have been trying to obtain some of this information from the individuals, Mr. Senator, and they have refused to cooperate with us.

Senator CAPEHART. How many machines does the company operate?

Mr. DUFFY. We feel it is 350 in the area.

Senator CAPEHART. 350?

Mr. DUFFY. Yes.

Senator CAPEHART. They did not own them?

Mr. DUFFY. We don't know how many they owned. We think they owned the majority of them.

Senator CAPEHART. Where did you get the information of \$10,360? Were they a corporation?

Mr. DUFFY. They were a partnership. We got those from the partnership records.

Senator CAPEHART. Who furnished the balance of the money to buy the 360 machines?

Mr. DUFFY. I don't know that. We don't have all the records, Senator. We wanted all the records, but they wouldn't furnish them to us.

Senator CAPEHART. What ordinarily do these machines cost each?

Mr. DUFFY. About \$700.

Senator CAPEHART. Then 350 of them would cost about \$400,000.

Mr. DUFFY. That is about correct. Again, Senator, I don't know how many were leased and how many were purchased.

Senator CAPEHART. Wouldn't their investment be \$400,000 instead of \$10,000?

Mr. DUFFY. The partnership wouldn't show that. It would be an individual transaction, possibly, between the individuals. We don't know anything about that.

Mr. WILLIAMS. This \$10,360 was their initial investment at the time they organized the company. They did not purchase, lease, or

operate, to the best of our knowledge, that many machines at the outset.

Senator CAPEHART. What year were they organized?

Mr. WILLIAMS. 1952, sir.

Senator CAPEHART. 1952?

Mr. WILLIAMS. Yes, sir.

Senator CAPEHART. Then you don't know whether they owned these machines or whether they did not?

Mr. DUFFY. There will be witnesses here this morning who will be able to tell us that, Senator. We will be able to get the answers from them.

Senator CAPEHART. Showing who did own the machines?

Mr. DUFFY. Yes.

Mr. KENNEDY. We can ask them.

Senator CAPEHART. Was this company organized, did they have a union? Were their employees in the union?

Mr. DUFFY. Yes, Senator, they were. In fact, Mr. Schaefer and Mr. McDonald were charter members of local No. 2 of the Gary area. The charter was issued by the local union in Gary to Mr. Schaefer and Mr. McDonald. Mr. Schaefer was recording secretary of that local. All the members of this particular company were union members. So actually we have Mr. Schaefer and Mr. McDonald as union officials giving these gifts.

Senator CAPEHART. Were they union officials or owners of the business?

Mr. DUFFY. They were owners of the business and also union officials.

Senator CAPEHART. How could they be union officials and owners of the business both?

Mr. DUFFY. Well, they contend that they repair machines on occasion, so they would be classified as union members, and wear both hats.

The CHAIRMAN. As I understand, we will have the witnesses here, the people who formed this partnership, and they should be able to enlighten us as to how much they invested and how many machines they started with, and the growth of their business over this period of time since 1952.

Mr. DUFFY. Yes, Mr. Chairman.

The CHAIRMAN. If there is any error in our calculations about it, they will be able to explain it?

Mr. DUFFY. Yes, sir.

The CHAIRMAN. Is there anything further?

If not, you may call the next witness, Mr. Kennedy.

Mr. KENNEDY. There is one of the owners, Mr. Chairman, who has taken off for—where did he go to?

Mr. DUFFY. South America.

Mr. KENNEDY. We tried to get hold of him and he went to South America. We have the other owner here. I am sure he will enlighten Senator Capehart.

His name is Rowland Schaefer.

The CHAIRMAN. Come forward, Mr. Schaefer. Be sworn, please. You do solemnly swear the evidence you shall give before this Sen-

ate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHAEFER. I do.

**TESTIMONY OF ROWLAND SCHAEFER, ACCOMPANIED BY COUNSEL,  
STANFORD CLINTON**

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. SCHAEFER. My name is Rowland Schaefer. I live at 3451 Glenlake Avenue, Chicago.

(The witness conferred with his counsel.)

The CHAIRMAN. What is your business or occupation?

Mr. SCHAEFER. With respect to the third part of the question, I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. You have counsel, have you?

Mr. SCHAEFER. Yes, I do.

The CHAIRMAN. Identify yourself.

Mr. CLINTON. My respects, Mr. Chairman. My name is Stanford Clinton. I am a member of the bar of the State of Illinois, with offices at 134 North La Salle Street, Chicago, Ill.

The CHAIRMAN. You have been present here in the committee room during the testimony of some of the previous witnesses?

Mr. SCHAEFER. No, I haven't.

(The witness conferred with his counsel.)

Mr. SCHAEFER. Do you mean this morning?

The CHAIRMAN. Well, you have been present this morning and heard some of the testimony given by the previous witnesses, Mr. Duffy and Mr. Williams?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. You heard their testimony?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. Were you present yesterday and did you hear any of the testimony yesterday?

(The witness conferred with his counsel.)

Mr. SCHAEFER. No, I was not present yesterday.

The CHAIRMAN. You did not hear the testimony here yesterday?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I heard parts of it over the radio.

The CHAIRMAN. You were not present?

Mr. SCHAEFER. I was not present.

The CHAIRMAN. You have just been present this morning?

Mr. SCHAEFER. That is right, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Schaefer, is it correct that you formed local No. 2 of the National Union of Automatic Equipment and Coin Machine Operators, Servicemen, and Repairmen?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Would he identify this document?

The CHAIRMAN. I hand you here what is a document that is designated "Application for Charter," dated June 22, 1953, apparently

bearing the signature of Rowland Schaefer, under the title of "General Secretary-Treasurer."

I ask you to examine this document and state if you identify it. As further identification of it, it says:

National Union of Automatic Equipment and Coin Machine Operators, Servicemen, and Repairmen, of 550 Broadway, Gary, Ind., telephone No. 6466, Application For Charter.

It is made out in pen and ink. The form is filled in. I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Have you examined the document, Mr. Schaefer?

Mr. SCHAEFER. Yes; I have.

The CHAIRMAN. Do you identify it?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. The documents presented to the witness may be made exhibit No. 10.

(Documents referred to were marked "Exhibit No. 10" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Did you examine the signature on this document?

(The witness conferred with his counsel.)

Mr. SCHAEFER. Yes; I did.

The CHAIRMAN. Is that your signature?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you know John Hanley, John J. Hanley?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. He was represented on this as being the business agent of this local. Do you deny knowing him or having any connection with him?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you know William Milner?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Do you know William P. Karanogh? Do you know him?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. He was to be recording secretary; Milner to be vice president. The next name I see here is Rowland Schaefer, to be financial secretary and treasurer. Do you know him?

(The witness conferred with his counsel.)

Mr. SCHAEFER. Yes, I do. I am he.

The CHAIRMAN. You and the name that appears here as identification are one and the same person? You and the Rowland Schaefer whose name appears here are one and the same person?

Mr. SCHAEFER. I decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. I see. John McDonald was to be president. Do you know him?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer may tend to incriminate me.

The CHAIRMAN. Further down here it gives the address of all these people. Could you give us any enlightenment whatsoever as to what there is about these people and your association with them, and this union and your participation in it, that becomes now embarrassing or likely to incriminate you if you made any statement about it or acknowledged anything about it? Can you tell us what it is?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, this other document shows that they purchased 1,000 labels at 5 cents per label, for \$150. There were only five members of the union.

Can you explain how that operated?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully—

The CHAIRMAN. Let me present this document to you. The document I now present to you seems to be a mimeographed form that has been filled out in pen and ink, apparently signed by Rowland Schaefer, the same person who made application for the charter of the union. This seems to be dated July 1, 1953.

It says, "Official quarterly report and order blank." I ask you to examine it. It bears some kind of a union seal, I believe. I ask you to examine it, together with the attached memorandum to it, and state if you identify either of them or both.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question.

The CHAIRMAN. The documents may be made exhibit No. 11.

(Documents referred to were marked "Exhibit No. 11" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Incidentally, I hold in my hand what purports to be an application for membership in the union, application to become a member of this union. It appears to be signed by Robert—well, that is not material.

You are sometimes called Bob, too, Rowland?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. You sometimes use Robert in making applications, do you?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. You almost had me confused here. I present to you an application for membership signed Robert Schaefer. I will ask you to examine that and state if it is yours.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. CLINTON. Mr. Chairman, is there a pending question, sir?

The CHAIRMAN. Yes. I asked him to examine this application and state if it is his application.

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer on the ground that my answer might tend to incriminate me.

The CHAIRMAN. It may be made exhibit No. 11-A.

(Document referred to was marked "Exhibit No. 11-A" for reference and will be found in the appendix on p. 18781.)

The CHAIRMAN. Now, I present to you another application for charter dated June 26, 1953, the charter of Workers Employed, Operators, Service and Repairmen, Cook County jurisdiction and vicinity. It also appears to have been signed by Rowland Schaefer, local union secretary.

I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

(The witness conferred with his counsel.)

The CHAIRMAN. Is that your application and signature?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. That may be made exhibit No. 11-B.

(Document referred to was marked "Exhibit No. 11-B" for reference and may be found in the files of the select committee.)

The CHAIRMAN. You may proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Schaefer, you received these 1,000 labels for 5 cents apiece. Could you tell us what the purpose of that was?

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer may tend to incriminate me.

The CHAIRMAN. Are they the labels that you stamp the machines with, so that when you go in and look, you know the machine has paid its tribute to the union?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I decline to answer that question.

The CHAIRMAN. What the union did was take these and sell them to the owners or operators, or the operator of the location where the machine was placed; is that correct?

Mr. SCHAEFER. I respectfully decline to answer that question.

The CHAIRMAN. That is simply a revenue-raising device, is it not?

Mr. SCHAEFER. I respectfully decline—

The CHAIRMAN. It is a tax that your union places on each machine so as to get in more revenue; isn't that correct?

Mr. SCHAEFER. I respectfully decline to answer that question.

The CHAIRMAN. In other words, as a union member, in fact as a union officer there, you remember how it operated, I am quite confident. I don't want to get anything into the record that would be erroneous.

You would buy these—what do you call them—labels? Then here is a man who is operating. He has a restaurant with 10 machines in there. You make him join the union. He becomes a member of the union, and then per machine he has to buy a label in order for that machine to be legally operated from the union standpoint. Is that about the way it is done?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. What would incriminate you about that?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. I don't know. Is there anything wrong? It seems to be done whether there is anything wrong or not. You have given me the impression, maybe, that there is something you think is wrong about it, for the union to use a label like this as kind of a license for someone to operate a machine.

If there is something wrong about it, maybe there ought to be a little legislation along that line. If not, it would be a grand opportunity here for a fine union official to clear up the mystery about it. Will you help us in that respect?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy; proceed.

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. What is the difference between local No. 1 operated by John Testo and this local No. 2? Are they both one and the same, or are they two different unions?

Mr. SCHAEFER. I respectfully decline to answer that question, Senator.

Senator CAPEHART. Wasn't John Testo the business agent for this local No. 2?

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds that my answer might tend to incriminate me.

Mr. KENNEDY. According to our information, your original investment in this company in 1952 was \$3,108. The earnings for the first year were \$25,500, and your earnings from 1952 through 1957, you, yourself, have made \$221,882.97 out of this initial investment of \$3,108; is that correct?

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. \$25,000 for 1953, \$46,000 for 1954, \$43,000 for 1955, \$31,000 for 1956, \$43,000 for 19—for 1957 you reorganized in the beginning of the year and you made \$23,000 in the beginning and \$40,000—some in the last part of the year. Altogether it is some \$220,000.

Can you tell the committee how you were able to operate, as these machines were illegal, how it was you were able to operate?

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer might tend to incriminate me.

The CHAIRMAN. Did you pay off officers to get them to let you operate?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. This situation kind of casts a strong suspicion. Here is an illegal operation, and here are officers and prosecutors getting a lot of money. Then they come here and say it is none of the committee's business.

You come in and can help clear it up if the truth would not hurt, and say, "Well, this whole thing is legitimate. We are operating open and above board. We are paying off somebody." Are you willing



to say that you haven't been paying off officers? Are you willing to state that under oath?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. I don't know what you expect the public to think about such a statement as that. If you haven't been, there is no reason why you can't say, "I never paid them a dime," just like that. Can you say it under oath?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Is he one of the partners in this business organization?

Mr. KENNEDY. That is correct.

The CHAIRMAN. In addition to running the union, he ran a business, too?

Mr. KENNEDY. That is correct.

The CHAIRMAN. What was the name of the other one?

Mr. KENNEDY. Mr. McDonald.

The CHAIRMAN. What is this Lakeside Specialty Co.? Have you ever heard of that before?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Were you one of the organizers of the Lakeside Specialty Co.?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Did you have as a partner and associate in that enterprise a man by the name of Kenneth McDonald or John McDonald?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Which is his correct name—John or Kenneth?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. How could it incriminate you, whether his name was John or Kenneth? What difference would it make? Which would incriminate and which wouldn't? It sounds sort of silly, doesn't it? You agree, don't you? Take a good laugh.

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. These are the two that started the business. Was there any other?

Mr. KENNEDY. They started the business, Mr. Chairman, at the same time they started the union, local No. 2.

The CHAIRMAN. That is the labor angle of it, the union. But the business angle is this Lakeside Specialty Co., and there were only two partners in that. Is that according to our information?

Mr. KENNEDY. As of 1957. Initially there were some other partners.

The CHAIRMAN. Who else was in the business with you initially when it was organized?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Were they Mr. Rizzo and Mr. Powers? Would that refresh your memory?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Is it true that you only have one partner now, and that is Mr. McDonald?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Do you know Mr. McDonald, your business associate?

Mr. SCHAEFER. I respectfully decline to answer that question on the grounds my answer might tend to incriminate me.

The CHAIRMAN. Where is he now?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Is there anything further, Mr. Counsel?

Mr. KENNEDY. That is all.

The CHAIRMAN. Have you anything to ask, Senator Capehart?

Senator CAPEHART. No, Mr. Chairman.

The CHAIRMAN. Is there any testimony you heard here this morning that you want to refute or deny?

(The witness conferred with his counsel.)

The CHAIRMAN. You heard the testimony of these witnesses?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer may tend to incriminate me.

The CHAIRMAN. Then as I understand you, you decline to deny what the witnesses testified to here about all these gifts to these officers on the ground that if you denied it, it might tend to incriminate you? Is that your position?

(The witness conferred with his counsel.)

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. You may be correct about it.

Is there anything further?

Mr. KENNEDY. Did you give any gifts to Mr. Metro Holovachka?

Mr. SCHAEFER. I decline to answer that question—I respectfully decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Did you make any gifts to any of the city officials or any of the county officials in Lake County?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Did you make any gifts to Mr. Conroy, Mr. Holovachka's assistant?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. Do you have any information about the source of the tremendous amount of cash Mr. Holovachka dealt with?

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. In other words, if you told what you knew about it, you honestly believe under oath it might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. SCHAEFER. I respectfully decline to answer that question on the ground my answer might tend to incriminate me.

The CHAIRMAN. I will order you to answer that question. I am asking if you honestly believe. I don't think you have a right to sit up here and invoke the fifth amendment capriciously. If you honestly believed that if you answered the question that a truthful answer might tend to incriminate you—do you honestly believe that?

(The witness conferred with his counsel.)

The CHAIRMAN. I am trying to determine whether you are perjuring yourself or whether you are honest.

Mr. CLINTON. We are trying to figure out whether it is a negative or an affirmative, Mr. Chairman.

The CHAIRMAN. I asked him originally whether he wanted to deny any of these gifts. Then I went to the question of the money, the excessive amount of money or cash dealt with by Mr. Holovachka. I asked you whether you could give any accounting of that money. You said if you answered that it might tend to incriminate you.

I ask you now if you honestly believe that if you gave a truthful answer to that question, that a truthful answer might tend to incriminate you.

(The witness conferred with his counsel.)

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. Then that is some justification, then, for not answering. You believe if you told the truth about what you know about the source of this excess money, excess amount of cash, that a truthful answer thereto might tend to incriminate you. All right; that is correct.

Proceed.

Mr. KENNEDY. Mr. Powers.

The CHAIRMAN. Mr. Powers, you do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. POWERS. I do.

#### TESTIMONY OF JOHN POWERS, ACCOMPANIED BY COUNSEL, STANFORD CLINTON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. POWERS. My name is John Powers. My residence is 129 South Marion Street, Oak Park, Ill. I am a bartender.

The CHAIRMAN. You are a what?

Mr. POWERS. A bartender.

The CHAIRMAN. Thank you very much.

You have counsel?

Mr. POWERS. I have.

The CHAIRMAN. Let the record show that Mr. Clinton represents Mr. Powers.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Powers, were you associated at one time with the Lakeside Co.?

(The witness conferred with his counsel.)

Mr. POWERS. I respectfully decline to answer on the ground that the answer I give may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Duffy in connection with the information we have on this?

The CHAIRMAN. All right, Mr. Duffy.

Mr. KENNEDY. I might say Mr. Powers cooperated with the staff initially. Mr. Duffy will explain what information we received at that time.

The CHAIRMAN. May I ask you, Mr. Powers, do you know Mr. Duffy, the witness here, a member of the staff?

(The witness conferred with his counsel.)

Mr. POWERS. Yes, sir; I do.

The CHAIRMAN. You have had conversations with him, have you?

Mr. POWERS. Yes; I have.

The CHAIRMAN. Proceed.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. I had the opportunity to interview Mr. Powers in Gary, Ind., about a month ago. At that time he was completely frank and told the complete story of his relationship with the Lakeside Specialty Co. in East Chicago. After the interview, I asked him if he would consent to a taped interview, and he said he would. He said also at the end of that interview that he would be glad to testify freely to all the facts he gave to me during the course of that interview if he was called to Washington.

Mr. KENNEDY. You did take a taped interview in connection with him?

Mr. DUFFY. I did.

Mr. KENNEDY. An interview he knew was taped?

Mr. DUFFY. That is correct.

Mr. KENNEDY. I don't think it is necessary to play it, Mr. Chairman, but he has a tape to back up his testimony.

The CHAIRMAN. Do you have a transcript of that tape recording?

Mr. DUFFY. No; I don't. We have it in the committee files, the actual tape interview.

The CHAIRMAN. Are you going to quote from that tape recording?

Mr. DUFFY. I was going to summarize certain points extracted from it.

The CHAIRMAN. Mr. Powers, you pay very close attention. I am going to permit the witness to summarize that tape recording from his version of it. If there is anything you find in there that you say is inaccurate or isn't true, then we have the recording and it can be the best proof. But unless this statement is challenged, it will stand as the record. Of course, the tape recording is the property of the committee and can always be referred to. This is just to try to expedite it.

Proceed.

Mr. KENNEDY. Mr. Duffy, you had a very frank interview with Mr. Powers, and he had indicated that he would testify. Did we receive some information recently as to why he would not testify?

Mr. DUFFY. Yes. A staff member interviewed Mr. Powers within the past week and he stated at that time that he had an 8-year-old child and he didn't want to come up here and tell everything.

Mr. CLINTON. What was that again, Mr. Kennedy?

Mr. DUFFY. Mr. Powers had an 8-year-old child, and he didn't want to come up here and tell the complete story.

Mr. KENNEDY. That was within the last week?

Mr. DUFFY. Yes.

Mr. KENNEDY. Would you relate what he told you at that time in connection with the operations of the company?

Mr. DUFFY. In our interview, he stated he had met Mr. Frank Rizzo, also a partner of Lakeside, in 1952, in the latter part. He said he had discussions with Mr. Rizzo and that Mr. Schaefer had made some arrangements in East Chicago to set up and operate pinballs in the area, and that some arrangements had been made by Mr. Schaefer for this to take place.

He came into the company at that time and invested 20 percent in the company, a total of \$2,072. He had control over 35 pinball machines in the East Chicago area; that he made weekly collections from these locations.

The CHAIRMAN. How many machines?

Mr. DUFFY. Thirty-five machines that he had control over.

He also said that Mr. Schaefer told him not to keep individual location records, that he never kept any records. He also said that the payouts were made by the location owners, which would be in violation of the law, and that the cost of the payoff was sustained half by the company and half by the location owner.

The profits were split 50-50.

The CHAIRMAN. You are talking about the payoffs, the winnings from the operation of the machines?

Mr. DUFFY. That is correct.

The CHAIRMAN. They would simply deduct that as an expense. The location owner would sustain half of that loss and they would sustain half of it?

Mr. DUFFY. That is correct; and split the remainder 50-50.

That is the substance of the interview. I thought it very important when he said he was told not to keep any records by Mr. Schaefer.

Mr. KENNEDY. Is that correct, Mr. Powers?

#### TESTIMONY OF JOHN POWERS, ACCOMPANIED BY COUNSEL, STANFORD CLINTON—Resumed

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I give may tend to incriminate me.

The CHAIRMAN. Did you have a conversation with Mr. Duffy?

(The witness conferred with his counsel.)

Mr. POWERS. Yes; I did, sir.

The CHAIRMAN. Then did you know that the conversation or interview with you was being recorded?

(The witness conferred with his counsel.)

Mr. POWERS. I respectfully decline to answer on the ground that the answer I gave may tend to incriminate me.

The CHAIRMAN. How could that incriminate you? We have the record. It is in existence. We have it. It will speak for itself.

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I gave may tend to incriminate me.

The CHAIRMAN. Do you want to deny anything that Mr. Duffy has said here about that interview this morning?

(The witness conferred with his counsel.)

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I gave may tend to incriminate me.

The CHAIRMAN. It wouldn't incriminate you if you would deny it. If you want to deny it, you are offered that opportunity.

Is there anything in error, is there anything you challenge about his statements? We can play the recording and see if he is mistaken.

Mr. POWERS. I respectfully decline to answer on the ground that the answer I gave may tend to incriminate me.

The CHAIRMAN. Do you want to challenge any statement he has made?

Mr. POWERS. I respectfully decline to answer on the ground that the answer I gave may tend to incriminate me.

Mr. KENNEDY. You are out of the company and there is nothing that you have done that is wrong. Wouldn't you give us the information yourself under oath?

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I gave might tend to incriminate me.

The CHAIRMAN. Did you know they were paying off officers of the law in order to get the privilege of operating these machines?

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I gave might tend to incriminate me.

The CHAIRMAN. Did it turn out to be a profitable venture?

Mr. POWERS. I respectfully decline to answer on the grounds that the answer I gave may tend to incriminate me.

The CHAIRMAN. Well, all right.

Is there anything further?

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. There is one other point.

He stated to me also that the cost of the \$250 Federal gambling stamp that each machine had, complying with Federal statute, half of the cost was sustained by the location owner and half was sustained by the company. This is significant because in Indiana they have a gross sales tax in Indiana, and this would mean that they were fudging a little bit on their State income tax by not reporting the amount of money, total money, collected. I think those records are of additional significance to us. That is why we wanted to obtain them from the company.

The CHAIRMAN. Do you mean they would be due to pay the State of Indiana a sales tax on the income from those machines?

Mr. DUFFY. That is correct. By taking money off the top, they reduced the amount of money they would owe the State.

The CHAIRMAN. By what?

Mr. DUFFY. By taking money off the top—without reporting it—they would reduce the amount of money they would pay the State.

The CHAIRMAN. If they reported less, then, that would naturally reduce their tax.

Mr. DUFFY. That is correct.

The CHAIRMAN. What is that tax? Do you remember?

Mr. DUFFY. I don't remember.

The CHAIRMAN. That might be almost insignificant as compared to some other things. I imagine people in this business are not over-anxious to pay tax if they can avoid it.

All right.

Mr. DUFFY. Mr. Powers did state that all these machines were gambling-type machines and they did pay off in violation of the law.

Mr. KENNEDY. That is all.

The CHAIRMAN. Is there anything further?

If not, thank you, Mr. Powers.

Call the next witness.

Mr. KENNEDY. Mr. Rizzo.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Rizzo. I do.

### TESTIMONY OF FRANK RIZZO, ACCOMPANIED BY COUNSEL, STANFORD CLINTON

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. RIZZO. Frank Rizzo, 8831 South Paxton, Chicago.

(The witness conferred with his counsel.)

Mr. Rizzo. On the third part of the question, I respectfully decline to answer the question on the ground that my answer may tend to incriminate me.

The CHAIRMAN. You honestly believe if you told the kind of business you are in, an honest and truthful answer might tend to incriminate you?

(The witness conferred with his counsel.)

Mr. Rizzo. Yes, sir.

The CHAIRMAN. Very well; proceed.

Mr. KENNEDY. Mr. Rizzo, I have here an application for membership in, I believe, local No. 2, local union No. 3. It says you transferred from local No. 1.

The CHAIRMAN. I hand you here an application for membership, two of them. One of them is made out in pen and ink, dated June 7, 1955. Underneath is written in a different writing, "Local Union No. 3."

The other is made out in pencil, dated April 18—well, I am unable to find the date on it. But apparently it is signed by Frank Rizzo.

Oh, yes; it is dated November 1952, with the date blank as to the date of the month. It is local union No. 1.

I ask you to examine these two application forms and see if you identify them. The first one I referred to has marked on the top of it, "Transferred from Local 1."

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. Rizzo. I respectfully decline to answer on the ground that the answer may tend to incriminate me.

The CHAIRMAN. You have examined both applications to which the Chair referred?

Mr. Rizzo. Yes, sir.

The CHAIRMAN. All right. That can be made exhibits 12A and 12B.

(Documents referred to were marked "Exhibits No. 12A and 12B" for reference and will be found in the appendix on page 18782 and 18783.)

Mr. KENNEDY. Mr. Rizzo, as a union member you were also an officer in the company and invested, according to our records, \$2,072, and from the year 1952 to 1957, from the operation of these gambling machines, you made, according to the records, \$58,467.21. Is that correct?

Mr. Rizzo. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Before we proceed further, let me ask you a question I should have asked the other witnesses, too, maybe.

What is the purpose of this union, and then this business connection? Is it the purpose of operating the union along with operating this Lakeside Specialty Co. just as kind of a sham, kind of a protection against legitimate unionism? In other words, you set yourself up in a union so that no other union can come along and organize any of your employees; is that it?

Mr. Rizzo. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Is the union operation as profitable, except you are able to operate these gambling machines?

Mr. Rizzo. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. I am talking about this particular field. It seems to me that the legitimate eligibility of membership would be restricted to those who repair the machines, from the standpoint of an honest labor union to protect workers, and that it would not extend to, and should not be extended to, coverage of people who own machines and who may lease them out or who may operate a business, and who may have the machines in their location.

I don't see how a union could give any benefits, how any benefits could be derived by the member to that extent, except and unless the man actually works on the machines and is paid for his time. I am trying to understand.

I would be glad if you would explain it, if you can, and if you will.

What was the advantage of having a union along with the operation of this gambling business?

Mr. Rizzo. I respectfully decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. I can hardly conceive of anything except that it is to protect the gambler, the fellow who owns the machine, and not to render any benefit or real service to the man who works.

If you can tell me there was a service and benefit from it, these unions that you were in, to the man who worked, I would like for you to tell us what it is.

Mr. Rizzo. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. On the fact of it, it looks like a racket just a skin-flint game of some cheap gamblers who are exploiting in this field, possibly by bribing officers, and so forth, in order to permit them to operate in violation of law.



Have you any comment to make about that? If I am in error, will you correct me?

Mr. RIZZO. I decline to answer—I respectfully decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You terminated your interest as a partner at the time of Kenneth McDonald's entry as a partner in 1954 and then went on the payroll as an employee. Can you tell us why that was done?

Mr. RIZZO. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Can you tell us how you have been able to operate these machines, even though they are gambling machines, in East Chicago?

Mr. RIZZO. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Can you tell us why instructions were given that no records should be kept of the collections?

Mr. RIZZO. I respectfully decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

All right, stand aside. Call the next witness.

Mr. KENNEDY. Mr. Peters.

The CHAIRMAN. Come forward, Mr. Peters.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PETERS. I do.

#### TESTIMONY OF TED PETERS, ACCOMPANIED BY COUNSEL, STANFORD CLINTON

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. PETERS. I am Ted Peters. I reside at 4802 Elm Street, East Chicago, Ind.

The CHAIRMAN. Have you any business?

Mr. PETERS. I respectfully decline to answer on the ground that the answer I may give may tend to incriminate me.

The CHAIRMAN. Let the record show Mr. Clinton appears as counsel for the witness.

All right; proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Peters, you were also connected directly with the Lakeside Sales Co.; is that correct?

(The witness conferred with his counsel.)

Mr. PETERS. I respectfully decline to answer on the ground that the answer I gave may tend to incriminate me.

Mr. KENNEDY. Could I call Mr. Sinclair to give briefly what the situation as far as Mr. Peters is?

The CHAIRMAN. All right, Mr. Sinclair.

**TESTIMONY OF RICHARD G. SINCLAIR—Resumed**

The CHAIRMAN. You have been previously sworn?

Mr. SINCLAIR. Yes, I have, Senator.

The CHAIRMAN. All right.

Mr. SINCLAIR. Mr. Peters has control over pinball machines in the clubs in the city of East Chicago and Indiana Harbor. He maintains this control through his association with Slaboski, who is town councilman, and justice of the peace at the present time, and Art Golden.

The income received by Mr. Slaboski for the year 1958 from this operation of Mr. Peters was \$3,000. Mr. Golden received \$3,200 in 1956 and \$3,400 in 1955 from this operation.

Mr. KENNEDY. What position did Mr. Slaboski hold at the time?

Mr. SINCLAIR. Mr. Slaboski, prior to January 1, 1959, was town councilman for East Chicago.

Mr. KENNEDY. What position does he hold at the present time?

Mr. SINCLAIR. At the present time he is justice of the peace.

Mr. KENNEDY. We expected him as a witness today?

Mr. SINCLAIR. We expected him as a witness, but in the last week we have been unable to reach him. He is a silent partner in this operation.

Mr. KENNEDY. He is a silent partner in this operation?

Mr. SINCLAIR. That is correct.

**TESTIMONY OF TED PETERS, ACCOMPANIED BY COUNSEL,  
STANFORD CLINTON—Resumed**

Mr. KENNEDY. Can you tell us about that, Mr. Peters?

Mr. PETERS. I respectfully decline to answer on the grounds that the answer I may give may tend to incriminate me.

Mr. KENNEDY. As I understand it, you were a partner of the Lakeside Co., and then you brought in Mr. Slaboski as a silent partner in your operation; is that correct?

Mr. PETERS. I respectfully decline to answer on the ground that the answer I give may tend to incriminate me.

Mr. KENNEDY. Just break down the profits for us briefly, Mr. Sinclair.

Mr. SINCLAIR. Thirty machines were under the control of this group, and the total take from the location owners, which were the clubs in East Chicago, was split 50-50. That is, the Golden-Slaboski-Peters group got 50 percent of the take, and the remaining 50 percent was turned over to the Lakeside Specialty Co.

Lakeside, in addition to furnishing the machines to this group without cost, bought the gambling stamps and furnished the parts to Peters' operation.

Mr. KENNEDY. Slaboski, as we understand it, never performed any services in connection with this?

Mr. SINCLAIR. Not that we could discover, Mr. Kennedy.

Mr. KENNEDY. That is all.

I would like to call Mr. Mundie, Mr. Chairman, to put some further figures in in connection with this company.

I have finished with Mr. Peters.

The CHAIRMAN. Mr. Peters, you may stand aside.

Have you been sworn? Do you solemnly swear that the testimony you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MUNDIE. I do.

### TESTIMONY OF JAMES F. MUNDIE

Mr. KENNEDY. Mr. Mundie, have you made an examination of the Lakeside Co.?

Mr. MUNDIE. I have.

Mr. KENNEDY. Do we find that the Lakeside Co. actually reported all of their income, and the partners of the company?

Mr. MUNDIE. We find that the reconciliation of the partnership returns—we find that during the year 1957 Mr. Rowland Schaefer failed to report salary in the year 1957 in the amount of \$14,500, and his partnership income in the amount of \$8,769.66, making a total of \$23,269.66.

Mr. KENNEDY. Is he the only one?

The CHAIRMAN. Do you mean in this operation they haven't been reporting their income?

Mr. MUNDIE. The individual partners failed to report their income for 1957 in the Lakeside Sales Co.

Mr. KENNEDY. Go ahead.

Mr. MUNDIE. In the reconciliation of Mr. McDonald's partnership of Lakeside Sales, he failed to report \$17,701.77.

The CHAIRMAN. For what period?

Mr. MUNDIE. For the year 1957. And Mr. Gilbert Kitt—

The CHAIRMAN. These matters will be brought to the attention of the Internal Revenue Service, if it has not already come to their attention?

Mr. MUNDIE. It has not come to their attention as yet.

The CHAIRMAN. Well, it has now.

Mr. MUNDIE. Mr. Gilbert Kitt—

Mr. KENNEDY. I might say, Mr. Chairman, that the amount of money they can recover from this will pay for the investigation.

The CHAIRMAN. You mean the amount of money if the tax is recovered?

Mr. MUNDIE. Yes. They are in about the 65 percent bracket.

The CHAIRMAN. That would be adequate to pay for the cost of this particular investigation?

Mr. KENNEDY. Plus.

Mr. MUNDIE. Mr. Gilbert Kitt failed to report \$3,768.67 in 1957 from the Lakeside Sales Co.

The CHAIRMAN. You are reporting the amount of income now and not the amount of tax?

Mr. MUNDIE. That is correct.

The CHAIRMAN. The amount of income should have been reported?

Mr. MUNDIE. Yes. The amount of tax would be about 65 percent of it.

Mr. KENNEDY. How much is the total?

Mr. MUNDIE. Over \$40,000.

Mr. KENNEDY. Over \$40,000?

Mr. MUNDIE. Yes.

The CHAIRMAN. Over \$40,000 in income?

Mr. MUNDIE. Over \$40,000 in income. Of course, with the taxes, it would be tax, interest, and penalties.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan and Capehart.)

(Whereupon, at 12 noon the select committee recessed, to reconvene at 2 p.m. the same day.)

#### AFTERNOON SESSION

The select committee reconvened at 2 p.m., Senator John L. McClellan (chairman of the select committee) presiding.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Church.)

The CHAIRMAN. Mr. Holovachka, come back to the stand, please, sir.

(At this point Senator Capehart entered the hearing room.)

#### TESTIMONY OF METRO M. HOLOVACHKA—Resumed

The CHAIRMAN. Mr. Holovachka, yesterday we had some testimony here regarding the subpoena and some papers that were in the possession of one Frank J. Smith, on whom a subpoena duces tecum was served.

The Chair overlooked at that time asking Mr. Smith to identify the subpoena. But we have a witness here. Have you been sworn?

Mr. THIEDE. Yes, sir; I have.

Mr. HOLOVACHKA. I will stipulate, Senator, that Mr. Thiede did serve a subpoena on Mr. Smith.

The CHAIRMAN. All right.

#### TESTIMONY OF JOHN T. THIEDE—Resumed

The CHAIRMAN. I ask you, Mr. Thiede, to examine this subpoena and state if you identify it as a copy of the subpoena you served, and if you made the return thereon.

(The document was handed to the witness.)

Mr. THIEDE. Yes, Mr. Chairman, this is the subpoena I served.

The CHAIRMAN. This is the subpoena you served on Mr. Smith?

Mr. THIEDE. That is right.

The CHAIRMAN. Following the service of that subpoena—that subpoena may be made exhibit No. 13.

(Subpena referred to was marked "Exhibit No. 13" for reference and may be found in the files of the select committee.)

The CHAIRMAN. Following the service of that subpoena, did Mr. Smith procure the papers that it called for or some papers and documents in response thereto?

Mr. THIEDE. He had some documents in his possession which were called for by the subpoena; yes, sir.

The CHAIRMAN. Did he have them in his physical possession, there in your presence?

Mr. THIEDE. Yes, sir.

The CHAIRMAN. You heard him testify yesterday that in the course of that proceeding, after the subpoena had been served on him, and after you had worked out an arrangement with him whereby you would take the file and the documents and give him a receipt therefor, that Mr. Holovachka came in and took the papers himself, and departed with them. Is that testimony correct?

Mr. THIEDE. Yes, it is.

#### TESTIMONY OF METRO M. HOLOVACHKA—Resumed

The CHAIRMAN. Mr. Holovachka, the Chair now asks you where are these documents and papers that you took?

Mr. HOLOVACHKA. I have them in my brief case, Senator.

The CHAIRMAN. The Chair asks you to present the papers.

Mr. HOLOVACHKA. I might say to you, Senator, that the information contained in those papers is in the possession of the committee and has been entered as part of the evidence here, and, furthermore, I would make the same objection which I made yesterday. If the Senator cares, I will read it.

The CHAIRMAN. Objections are entered as stated yesterday.

The objections are overruled. The Chair, with the approval of the committee, now orders and directs you to deliver over to this committee in open session these documents, the entire file and documents, that you took from Mr. Smith after this subpoena had been served on him.

Mr. HOLOVACHKA. Here is the entire file as it was given to me.

(The folder was handed to the committee.)

The CHAIRMAN. Does this folder which I hold in my hand, which you have just handed to the clerk, and which she has passed on to me, does this folder, this file, contain all of memorandums, documents, and material that you took possession of at the time or shortly after the subpoena was served on Mr. Smith?

Mr. HOLOVACHKA. That is correct, Senator.

The CHAIRMAN. Mr. Thiede, you will take these documents and examine them, and prepare a receipt for them, showing that they were delivered here today under the direction of the committee.

Mr. THIEDE. Yes, sir.

Mr. HOLOVACHKA. Senator, could I have those back at an early date? As I have previously stated, I am in need of those, and I felt that they were my papers.

The CHAIRMAN. We will try to cooperate with you in that respect just a little better than you have cooperated with us.

Mr. HOLOVACHKA. Thank you, Senator.

The CHAIRMAN. How soon you will get them back, I don't know. But they will have to go back, of course, to Mr. Smith when they go back.

Mr. HOLOVACHKA. But those are my papers.

The CHAIRMAN. That is between you and him. We got them from him. We subpoenaed them from him. That is where we found them. You may be correct; they may be your papers. Some of them may be yours and some of them may be his.

All right. Is there anything further at this time of this witness?

Mr. KENNEDY. No.

The CHAIRMAN. While you are on the stand at this moment, we may want to recall you, since you heard testimony here this morning regarding gifts made to you by certain people. Do you want to make any comments about them?

Mr. HOLOVACHKA. Yes, Senator. I don't know these people. This Mr. Schaefer, the first time I have ever seen him in my life was here in this chamber. The other people also, Mr. Rizzo, Mr. Powers and—was there another man? Was there another man, Mr. Kennedy, who testified this morning besides Rizzo and Powers?

Mr. KENNEDY. Some four individuals were in the company. Mr. McDonald, Mr. Rizzo—

Mr. HOLOVACHKA. I have never met, I have never talked to any of those individuals. Today was the first time I have seen any of those people. Insofar as these gifts are concerned, I have no recollection, but they may have been delivered to the home.

I will say this to the Senator: That at Christmas time I get quite a few gifts from friends, from people who are in business in our community and so forth, and I don't keep an accurate tab on those things. It is possible that those gifts were delivered to me. But I did not know who they were from at the time that I received them. As a matter of fact, I didn't know who this specialty company was until today.

Mr. KENNEDY. Would you take \$300 worth of gifts from one company or group without knowing who the people were, or inquiring into it?

Mr. HOLOVACHKA. As I say, Mr. Kennedy, I don't know that there were \$300 worth of gifts there. It would certainly seem ridiculous that I would get that much in gifts without having known it.

Mr. KENNEDY. That is what you got. We checked the invoices. We checked the company that sent them. There were none of the gifts returned. They were all sent to you at your home in 1956, 1957, that we know of, and with the indications that they were sent in prior years, every Christmas.

In 1956 the gifts amounted to some \$300 for you, Mr. Holovachka.

Mr. HOLOVACHKA. As I say, I have no recollection. It is possible that I may have received them.

The CHAIRMAN. All right.

Mr. KENNEDY. Do you have a barometer at home?

Mr. HOLOVACHKA. Yes, sir; I do.

Mr. KENNEDY. Did you buy the barometer?

Mr. HOLOVACHKA. No, sir; I did not.

Mr. KENNEDY. Where did you get it?

Mr. HOLOVACHKA. I got it as a gift.

Mr. KENNEDY. Well, that came from this—

Mr. HOLOVACHKA. At the time I received it, I did not know.

Mr. KENNEDY. How about a spice chest radio?

Mr. HOLOVACHKA. Yes, sir.

Mr. KENNEDY. Where did you get that?

Mr. HOLOVACHKA. If it is from where you say it is, that is where I got it. I don't know.

Mr. KENNEDY. We are glad to enlighten you down here, Mr. Holovachka.

Mr. HOLOVACHKA. Thank you, Mr. Kennedy.

The CHAIRMAN. Let me ask you this: Is there anything strange or unusual from your viewpoint that you would be getting these gifts from time to time from this particular company?

Mr. HOLOVACHKA. No, Senator.

The CHAIRMAN. What I am trying to find out is if you have any suggestion as to why they would be interested in supplying you with these gifts since you say you do not know, as I understand you, either Mr. Schaefer, Mr. Powers, Mr. Rizzo, or Mr. McDonald.

You know none of them. Here we find them in a company that is sending you these gifts.

Mr. HOLOVACHKA. I wouldn't know why they sent me the gifts, Senator, except I would say to you that there are many merchandise houses in our community that from time to time we aid in the collection of bad checks and things of that kind, and I might say many of the firms in our community do send me a plant or a gift of some kind at Christmastime.

The CHAIRMAN. What aid did you perform for this company?

Mr. HOLOVACHKA. None that I know of, Senator.

The CHAIRMAN. Is there a just implication here that the aid you gave them was not molesting their gambling machines?

Mr. HOLOVACHKA. If you wish to put that connotation on it, I would assume it would be a just connotation. But I will say to you that I have never met with these people. I have never talked with them, I have never had any dealings with them, and I have never given anyone a license to violate the law.

The CHAIRMAN. Let me say this to you: You are a lawyer, and I am simply presenting it here to you so that you will have every opportunity to dispel any erroneous impression or conclusion that anyone might come to if explanation would prevent them from coming to some erroneous conclusion.

In other words, if there is any explanation you can give in connection with this matter that will dispel or disperse any suspicions of any improper activity or incident, I want you to have every opportunity here now to dispel it, to state what the facts are.

Mr. HOLOVACHKA. I will say this to you, Senator: that at the time that the gifts were received, I did not know who they came from. Had I know who they came from, and the business that these people were in, you may rest assured that I would have sent the gifts back to them.

The CHAIRMAN. Was there no return address on the package?

Mr. HOLOVACHKA. As I recollect, it perhaps had the name of the company which shipped it. Mr. Kennedy, I believe, previously had stated the name of the company which had shipped it.

The CHAIRMAN. Did these gifts have in them a Christmas greeting, "Merry Christmas," "Happy New Year," something like that?

Mr. HOLOVACHKA. I have no recollection of it, Senator.

Mr. KENNEDY. Did you ever make an arrest, pick up any of the machines of this company?

Mr. HOLOVACHKA. As I had told you yesterday, Mr. Kennedy, we picked up many machines, and I wouldn't be a bit surprised but what some of the machines belonged to this company. I don't know who the machines belonged to.

Mr. KENNEDY. Do you have any records to show that you ever picked up the machines of this company?

Mr. HOLOVACHKA. As I told you yesterday and I will say again, I don't know whose machines they were. Some of the investigators of your committee checked some of the machines and they would possibly know whether any of them belonged to this particular company. I wouldn't know.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. KENNEDY. Mr. Duffy, does the record show that they picked up any machines of this company up to the time we began our investigation?

Mr. DUFFY. No machines were picked up of this company or of Mr. Sohacki's company.

Mr. KENNEDY. And this company was operating these gambling machines from 1952 to the present time?

Mr. DUFFY. That is correct.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

Senator CHURCH. Mr. Chairman——

The CHAIRMAN. Senator Church.

Senator CHURCH. I would like to ask counsel if the record does disclose how many machines during this same period were picked up through the sheriff's office.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Mr. SINCLAIR. The record does not show that any machines were picked up prior to December 1958.

Mr. KENNEDY. But of all the machines that were picked up during this period of time, we find that some——

Mr. SINCLAIR. Thirty-six machines.

Senator CHURCH. Prior to just this last week when the investigation started, prior to that time, how many machines were picked up by the sheriff's office?

Mr. SINCLAIR. According to Mr. Conroy, 36 machines.

Mr. HOLOVACHKA. He is speaking of the sheriff's office. You are speaking of the prosecutor's office.

Senator CHURCH. I mean the public prosecutor's office.

Mr. SINCLAIR. Thirty-six machines, Senator, were picked up, based on Mr. Conroy's testimony.

Senator CHURCH. That is the only testimony or evidence we now have before the committee indicating the number of machines that were picked up through the public prosecutor's office?

Mr. SINCLAIR. That is right, Senator.

Senator CHURCH. And none of these machines, as I understand it, belong to either of these two companies that we have been referring to in the course of the hearings as the syndicate?

Mr. KENNEDY. That is correct. The only way we can check that is by checking the records of the various companies to find out whether their machines have been picked up. Up to December of 1958, when we began our investigation, no machines of these two companies, the Sohacki-Welbourn or the Lakeside Co., had been picked up.

We went to the independent operators to check and find out whether their machines had been picked up during the same period, and we



found that their machines were confiscated during the same period of time and never returned.

We could not find the total in that manner, but we did question Mr. Conroy, and he told us there were some 36 machines that had been picked up during that period of time.

Senator CHURCH. Mr. Holovachka, how do you explain that all of the machines that were picked up through your office during this period of time happened not to belong to either of these two companies? Would you say that was just mere coincidence?

#### TESTIMONY OF METRO M. HOLOVACHKA—Resumed

Mr. HOLOVACHKA. Let me say this to you, Senator: You were not present when I testified yesterday, and at that time I testified that in the period of 6 years that I had been in the prosecutor's office, that I had given orders, and there were in excess of 100 machines where I had directed our investigators to have the machines removed.

Now, during this period of time most of the machines were removed. Where the people didn't have them removed, save perhaps within a period of 24 to 48 hours, they were subsequently picked up. Now, it is just possible and coincidental that the people that they are speaking of may have been smart enough to have theirs removed when we went in and played the machines and we got a payoff on them and they were told to remove them. Perhaps they were smart enough to remove them, and perhaps these other people were more defiant and perhaps that is the reason why the machines were picked up, because in all cases the people were notified to get rid of the machines and if they didn't do it voluntarily, then they were picked up.

Senator CHURCH. That would be the only explanation you would have for the fact that all of the machines happened to turn out to be machines that didn't belong to either of these two companies that we refer to here as the syndicate?

Mr. HOLOVACHKA. The only other explanation that I can give, Senator, is that so far, during these hearings, they have accounted for approximately a dozen machines, more or less, that have belonged to what has been termed independent operators.

In my opinion, if only that many machines belonged to the independent operators, then these other machines must have belonged to these other people that they are talking about.

Mr. KENNEDY. Could I make a comment on that?

Senator CHURCH. Yes.

Mr. KENNEDY. We have interviewed a number of others. It was repetitious to bring in other individuals here to testify to the same thing. The facts are that from an examination of the records, and this cannot be refuted, the examination of the Sohacki-Welbourn operation shows that none of their machines have been picked up.

Another fact that cannot be refuted is that this operation, these groups, now have an absolute monopoly over Lake County. The independent operators have been driven out of business. This is common knowledge and has been proven again and again before this committee.

Senator CHURCH. Let me ask you this question: Until last week, I understand that there were large numbers of these machines still operating in Lake County.

Mr. KENNEDY. That is correct.

Senator CHURCH. And since 1957 these machines have clearly violated the laws of Indiana; is that not correct?

Mr. KENNEDY. That is correct.

Senator CHURCH. Mr. Holovachka, inasmuch as these machines were clearly invalidated and made illegal by the Legislature of Indiana in 1957, why was it that you waited until last week to move in and remove large numbers of these machines that were publicly on view and publicly being played in many, many different places in the county?

Mr. HOLOVACHKA. Let me explain to you, Senator. I am not presently the prosecutor, and have not been since the 1st day of January of this year. However, as I had explained to the committee yesterday, after the passage of this act, a prosecutor, Mr. Beamer, in Allen County, which is Fort Wayne, Ind., the chief of police, the sheriff, and other officials, had a restraining order and subsequently an injunction taken out against them to prevent them from touching these machines in any way.

That case was subsequently appealed to the Supreme Court. To this date we have not received a decision.

Senator CHURCH. Why was it that just a week ago, if that was the reason that withheld the hand of the prosecutor's office, why was it that just a week ago you did in fact move in and take possession of all these machines?

Mr. HOLOVACHKA. I did not do it. My successor in office, Mr. Vance, was responsible for it. He contacted the chiefs of police of the various cities and it was done. But there was a reason for that, Senator.

Senator CHURCH. What was the reason it was finally done just a week ago?

Mr. HOLOVACHKA. Up to this time no court had ever declared these machines to be illegal under the law, and numerous injunctions had been granted in other counties besides Allen County.

Recently within the past 2 weeks or so, Judge Niblick, of Marion County, in Lebanon, Ind., had these cases before him and declared the machines to be illegal.

Subsequently to that, not only the prosecuting attorney of Lake County, but many prosecutors throughout the State, on the basis of his decision, immediately requested that these machines be removed, and they have been removed in many counties throughout the State of Indiana, not only in Lake County.

Senator CHURCH. Then the removal in Lake County that corresponded in time with the commencement of these public hearings in Washington had nothing whatever to do with the fact that we were now making this public investigation; is that right?

Mr. HOLOVACHKA. Senator, I would think that perhaps public sentiment, with the actions of the committee, may have had something to do with it. I wouldn't be a bit surprised but what it did have something to do with it.

The CHAIRMAN. Senator Capehart?

Senator CAPEHART. I believe we have had testimony here that there are something like 1,248 machines operated by one company in Gary, and I believe something like 360 by the company in East Chicago. That is something like 1,500 or 1,600 machines.

Under the law, is the location or the owner's place of business where these 1,500 to 1,600 machines are located, are they equally liable with the operator and the owner of the machines?

Mr. HOLOVACHKA. Do you mean insofar as criminal responsibility is concerned?

Senator CAPEHART. Yes.

Mr. HOLOVACHKA. I would say that anyone who paid out on the machines was liable. In other words, it is the act of paying on the machines. But at the present time, under the construction of Judge Niblick, I would presume that the owner of the establishment who was responsible for whatever is in the establishment would be liable under the law.

Senator CAPEHART. Then if it is 1,500 or 1,600 of them, or there were that many in Lake County, that means that 1,500 to 1,600 individual businesses or people were, in your opinion, liable under the law, as the concern who owned the machine?

Mr. HOLOVACHKA. And not only business people, I might say to the Senator, but many fraternal and other organizations. There are some organizations that perhaps, without these machines, would not be able to exist, and will not be able to exist in the future because of large obligations that they have entailed insofar as mortgages are concerned, and these machines undoubtedly have helped them to pay off their mortgages.

Senator CAPEHART. That leaves 1,500 or 1,600 businesses that knew that these machines were gambling machines, or could be gambled upon?

Mr. HOLOVACHKA. It had not been so construed until Judge Niblick so decided, Senator.

The CHAIRMAN. According to your contention, then, it was the paying of the money instead of them taking the free games that constituted the gambling?

Mr. HOLOVACHKA. That is right, Senator.

The CHAIRMAN. The other issue would be whether the machine itself constituted a gambling device.

Mr. HOLOVACHKA. That is correct, Senator.

The CHAIRMAN. But by reason of its physical construction, that was the very nature of it. But it had been the contention before that only the payment of money in lieu of the customer taking the free games constituted the gambling?

Mr. HOLOVACHKA. That is right, Senator.

The CHAIRMAN. Now a judge comes along and holds that the machine itself is a gambling device?

Mr. HOLOVACHKA. That is correct, Senator.

Senator CAPEHART. Who would pay the money on these machines? Did somebody win and then the cashier would go over and give them the money?

Mr. HOLOVACHKA. The machine itself would not pay any money, but it has a register on there indicating the number of so-called free games. For instance, if you had 10 free games and it was a dime machine, Senator, then I presume you would go over to the bartender and get 10 dimes or \$1. If you had 20 free games, you would be entitled to \$2.

Senator CAPEHART. Then these 1,500 or 1,600 places of business they were in were actually paying out the money?

Mr. HOLOVACHKA. I heard one witness testify here that he didn't pay out and I don't believe him. I don't think these machines can exist very long unless they give him some financial remuneration.

The CHAIRMAN. You were under that impression all the time, then, while you were in there while prosecuting attorney.

Mr. HOLOVACHKA. Yes, sir.

The CHAIRMAN. What did you do, then, to follow up and enforce the law?

Mr. HOLOVACHKA. Whenever we received the complaints——

The CHAIRMAN. Wait until there was a complaint? If you thought, yourself, that the law was being violated on that broad a scale?

Mr. HOLOVACHKA. I am not a policeman.

The CHAIRMAN. But you are a sworn prosecuting attorney, sworn to uphold the law, and have the power to issue the legal processes.

Mr. HOLOVACHKA. I have done so to the best of my ability under the circumstances.

The CHAIRMAN. Your statements are not consistent.

Mr. KENNEDY. It states in the law:

Professional gambling means accepting or offering to accept, for profit, money, credits, deposits, or other things of value risked in gambling, or any claims thereon or interest therein. Without limiting the generality of this definition, the following shall be included: Pool selling and bookmaking; maintaining slot machines, one-ball machines or variants thereof, pinball machines which award anything other than an immediate and unrecorded right of replay; roulette wheels, dice tables, or money or merchandise push cards.

It was clearly made illegal by the 1957 legislature. We have that as No. 1. It was also illegal from 1953-55.

The CHAIRMAN. The paying?

Mr. KENNEDY. The machines themselves were illegal from 1953 to 1955, and from 1957 on they were illegal. From 1955 to 1957 it was only when the payments were made.

We have that situation. Then we have when this man took over as public prosecutor that the raids took place on the independent operator. They were gradually put out of business.

This one company came in and got a monopoly so that over a 5-year period they took in collections some \$12½ million. That is the one company.

The other company took in collections of some \$2½ million. That was in a 5-year period. This man was public prosecutor while these operations were active, while the machines were going and were, per se, illegal. And during that period of time he had some \$327,000 of cash going through his bank accounts in expenditures, which he refuses to give any explanation on.

The CHAIRMAN. All right. Call the next witness.

You may stand aside.

Mr. HOLOVACHKA. Am I excused?

The CHAIRMAN. You will be later on if we don't need to recall you.

Mr. KENNEDY. Mr. Chairman, we have finished several phases of the hearing in connection with the operation.

First was the Welborn-Sohacki group, the group in East Chicago, Lakeside.

We have also gone into the operations of the public prosecutor's office and, through all of this, the fact that the union was put out of business. During the course of it we mentioned certain individuals

who were gangsters and hoodlums who came in from outside the community to operate some of the gambling and some of the vice.

We would like now for the next day or day and a half to go into the operations of these people as to the way they operated in Lake County, and, of course, to some extent, Marion County—what their activities were in Chicago and also on the west coast.

The CHAIRMAN. As I understand, this is a part of this monopoly, putting the independents out of business, driving the unions out of business?

Mr. KENNEDY. Not only that, Mr. Chairman. This operation gets not just into the pinballs, but also into jukebox and some of the other operations. Some of these individuals were active not only in Lake County, but in other areas of the country.

So while we are hearing testimony before the committee, we will be putting in the background and details of their operations.

The CHAIRMAN. Call the first witness.

Mr. KENNEDY. I would like to call Mr. Duffy to explain the entrance of Mr. Pinelli.

(At this point Senator Church withdrew from the hearing room.)

The CHAIRMAN. Mr. Holovachka, you asked me a moment ago if you could be excused. I didn't know at the moment what other testimony might be going to be presented. Now I understand that we are going into another phase of the matter now.

Mr. KENNEDY. Mr. Chairman, we believe that, of course, all of this money—well, it is possible he would want to testify. There is a considerable amount of vice which was going on in Lake County while he was public prosecutor.

The CHAIRMAN. I will say it this way: If you wish to be excused, you may be. There will be, possibly, other testimony, derogatory in character, relating to your conduct in office. If you wish to stay, all right. If you do not, you are free to go.

Proceed, Mr. Kennedy.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. KENNEDY. Mr. Duffy, would you explain what the situation was as far as the operations of Mr. Doyle, and then the entrance of Mr. Pinelli and who he was associated with in connection with Lake County?

Mr. DUFFY. Yes. In 1951 Jack Doyle headed up the criminal syndicate in Lake County, Ind. He was exposed by the Kefauver committee in 1951. He was indicted in 1952. Then in January 1953, after he had been completely exposed and ineffective in the area, he met with Sam "Mooney" Giancana, a notorious hoodlum from Chicago, and Tony Accardo, the No. 1 hoodlum in Chicago. They met in Los Angeles. The meeting took place there.

Shortly thereafter Mr. Doyle was convicted for income-tax evasion, and then Mr. Pinelli migrated from California to Gary, Ind., and took over certain operations. We know he came to Gary in October 1954 and set up a jukebox company, called the Century Distributing Co. He also set up a pizza business. We do know that these were just fronts for his illegal operations.

In 1957 it was established, for example, that he was in the bookie and handbook operations in Lake County, Ind., with John Formusa, notorious vice lord of Gary, Ind., Mr. James Rutledge, and Mr. Pinelli.

Mr. Rutledge died on March 5, 1957, and a man by the name of Frank Zizzo migrated from Chicago and came over to Lake County and took over the active operations of these gambling operations.

We know that as a fact because Mr. Rutledge had a Federal gambling stamp issued to him for one of his places, which was called the Uptown Lunch Club in Whiting, Ind. He died the following year, and the Federal gambling stamp was issued to Mr. Zizzo.

MR. KENNEDY. Now I would like to call Mr. Salinger, Mr. Chairman, and also call Mr. Giancana in connection with the meeting with Mr. Pinelli.

The CHAIRMAN. Come forward, please, sir.

Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

MR. GIANCANA. I do.

**TESTIMONY OF SAM GIANCANA, ACCOMPANIED BY COUNSEL,  
H. CLIFFORD ALLDER**

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

MR. GIANCANA. My name is Sam Giancana. I live at 1147 Winonah Avenue, Oak Park, Ill.

The CHAIRMAN. Do you have a business or occupation?

MR. GIANCANA. I decline to answer.

The CHAIRMAN. You are ordered to answer.

(The witness conferred with his counsel.)

MR. GIANCANA. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. On what?

MR. GIANCANA. On the grounds it may tend to incriminate me.

The CHAIRMAN. Do you think if you told what kind of business you were in, do you honestly believe if you told that, what kind of business you were in or what your occupation is, an honest and truthful answer might tend to incriminate you?

Do you honestly believe that?

(The witness conferred with his counsel.)

MR. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You said you honestly believe it. You did understand. You decline, and say you honestly believe it.

Do you have a lawyer?

MR. GIANCANA. I decline to answer.

The CHAIRMAN. All right.

MR. GIANCANA. I am sorry.

The CHAIRMAN. Do you want him to leave?

MR. GIANCANA. Mr. Alder.

The CHAIRMAN. Identify yourself for the record.

MR. ALLDER. H. Clifford Alder, Washington, D.C.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Giancana, would you give us some information in connection with the meeting you had in Los Angeles with Mr. Tony Pinelli?

Mr. GIANCANA. I decline to answer.

The CHAIRMAN. You are ordered to answer.

I want to tell you something now. We are not going to put up with this foolishness.

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You say it that way if you mean it that way. Proceed.

Mr. KENNEDY. Is there something funny about it, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us what you made the trip to Los Angeles for?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Was it in connection with the operations of Mr. Pinelli in Gary, Ind.?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, could we call Mr. Salinger to give the background?

The CHAIRMAN. Have you been sworn?

Mr. SALINGER. No, sir.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SALINGER. I do.

### TESTIMONY OF PIERRE E. G. SALINGER

The CHAIRMAN. Mr. Salinger, you are a member of the staff of the committee and have been since its inception?

Mr. SALINGER. Since its inception.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Salinger, would you give us the background that we have on Mr. Giancana?

Mr. SALINGER. Mr. Giancana is a top figure in the underworld in Chicago, Ill. He has an extensive criminal record.

In 1929 he was convicted of burglary-larceny, and sentenced to 1 to 5 years in the Joliet Penitentiary. He served 3 years and 9 months of that sentence.

In 1939 he was convicted of conspiracy to violate the internal revenue laws as they relate to liquor, and was sentenced to 4 years and fined \$2,700. He served, of that 4-year sentence, 3 years and 2 months in Leavenworth and Terre Haute Federal Penitentiaries.

In addition to that, he has received minor sentences for larceny of auto, tampering with auto, disorderly conduct, and has been picked up on a number of other charges.

Mr. KENNEDY. How many times has he been arrested? Seventeen times?

Mr. SALINGER. Seventeen times.

The CHAIRMAN. How many convictions?

Mr. SALINGER. Two major convictions, Senator.

The CHAIRMAN. For what?

Mr. SALINGER. Those were for burglary and larceny in 1929 and violation of the internal revenue laws as they relate to liquor, in 1939. He served a total of 6 years 11 months in penitentiaries as a result of those two convictions.

Mr. KENNEDY. And then he has had some four other minor convictions?

Mr. SALINGER. That is correct. Mr. Giancana is of interest to us in this particular case because of a trip he made to Los Angeles in 1953 in the company of Anthony Accardo, who is the top figure in the Chicago underworld, and Dr. Eugene Chesrow, who is a physician in the city of Chicago, Ill.

Mr. KENNEDY. How do you spell his name?

Mr. SALINGER. C-h-e-s-r-o-w.

Mr. ACCARDO. Mr. Chesrow, and Mr. Giancana, using the name of Michael Mantuso—

The CHAIRMAN. Who was using that name?

Mr. SALINGER. Giancana.

The CHAIRMAN. Is that part of your name?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Proceed. He doesn't want to admit it.

Mr. SALINGER. They further disguised themselves by registering from Chicago on the plane as S. Mann, G. Stanley, and S. Whate. They arrived in Los Angeles, made a short trip into town to a restaurant, and came back to the Los Angeles Airport where they were picked up by officers of the intelligence division of the Los Angeles Police Department.

At the time they were driving in a Cadillac, driven by one Frank Ferraro, who identified himself as a Chicago tailor.

Mr. KENNEDY. How do you spell his name?

Mr. SALINGER. F-e-r-r-a-r-o.

Mr. KENNEDY. Mr. Chairman, I might say we subpoenaed Mr. Ferraro to testify before this committee, to testify this afternoon. We received a wire that he arrived at the airport to come here and he was stricken with some disease or some illness befell him, and he rushed back and he is now in the hospital in Chicago.

The CHAIRMAN. He didn't get here?

Mr. KENNEDY. He didn't get here.

Mr. SALINGER. The gentlemen were questioned singly by the police department to find out why they were in Los Angeles. I might add that also at the airport to meet them was a man named Anthony Pinelli, who at that time was unknown to the Los Angeles Police Department, and merely gave his occupation as importer-exporter, and gave his address as Sierra Madre, Calif., a little town.

Mr. Accardo had in his possession two large rolls of money, one of which contained \$5,000 and the other of which contained \$1,700. He stated they really didn't want to come to Los Angeles at all, but they had to stop there on the way to Las Vegas. Mr. Mantuso, later identified as Giancana, had approximately \$5,000 on his person, and



stated to the police officer, according to the report, that he hoped to win considerably more gambling in Las Vegas.

Dr. Chesrow, who identified himself as a physician at the Cook County Hospital, in Chicago, Ill., had on him some \$250 in cash. After being questioned, the three gentlemen left by airplane for Las Vegas, left Los Angeles.

As I say, part of our interest in Mr. Giancana stems from this visit to the coast, and Mr. Pinelli meeting him there, and Mr. Pinelli's subsequent activities in Lake County, Ind.

We have also been interested in Mr. Giancana in several other cases before the committee, and, in fact, attempted to serve him with a subpoena for a considerable period of time.

Mr. KENNEDY. Actually, we were looking for you for a period of a year, were we not, before we found you?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We ultimately subpoenaed him in Las Vegas?

Mr. SALINGER. That is correct. Following that Las Vegas visit, he returned to Chicago where he gave an interview to a reporter of the Chicago Tribune.

Mr. KENNEDY. We were looking for him since the last part of 1957 until the early part of 1959?

Mr. SALINGER. That is correct.

Mr. KENNEDY. You might relate what his opinion of the committee was.

Mr. SALINGER. One of the things that he told the reporter for the Chicago Tribune, which was printed in a story in the Chicago Tribune on April 5, 1959, he said, referring to the committee:

I would like to tell them to go to hell, but I guess I will keep my mouth shut and take the fifth.

Mr. KENNEDY. Is that correct?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. He also said:

They couldn't catch me for a year. I was in Chicago all the time. I like to hide. It was fun.

Mr. KENNEDY. Is that correct, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. He was also quoted, when Mr. Smith asked him why he hadn't served in any Armed Forces during World War II, as stating:

When I was called to the board, they asked me what kind of work I did. I told them I steal for a living. They thought I was crazy. But I wasn't. I was telling the truth.

The CHAIRMAN. Are you happy in being a thief; is that what you are laughing about?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I don't think anyone doubts it. I think that is conceded.

Proceed.

Mr. SALINGER. Mr. Chairman, our interest in Giancana stems from two hearings the committee had: one into the Chicago restaurant industry and the second into the jukebox industry in Chicago, particularly the activities of the Lormar Distributing Co., controlled by Sam English, and which, according to the testimony before the committee, produced counterfeit records, and these records were pushed on various location owners for jukeboxes.

Mr. KENNEDY. He also said in connection with when the Army tried to get him for service during the Second World War:

Who wouldn't pretend he was a nut to stay out of the Army?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Did you say that?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then in connection with the crime syndicate, he was asked—would you give us that quote?

Mr. SALINGER. He said:

What's wrong with the syndicate? Two or three of us get together on a deal and everybody says it is a bad thing. Businessmen do it all the time and nobody squawks.

Mr. KENNEDY. Is that correct?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. Going back to the answer on who wouldn't pretend to be a nut to stay out of the Army, a check was made with the draft board where he registered and it showed he was rejected due to:

Constitutional psychopathic state and inadequate personality and strong anti-social trend.

Mr. KENNEDY. Is that correct, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. During the Chicago restaurant hearings, we developed the fact that two Chicago hoodlums named James Weinberg and Paul Labriola, also known as "Needlenose," were setting up an organization to be in opposition to the Chicago Restaurant Association.

Mr. KENNEDY. They attempted to set up their own restaurant association?

Mr. SALINGER. That is correct. And they were attempting to get members for this association, and in this they were having the assistance of Mr. Lardino, who was in the Hotel & Restaurant Workers Union in that city. According to the information we have had at the time, Mr. Lardino was not moving fast enough with regards to the new association, and Mr. Giancana was called in to discuss the matter and see what he could do about getting recalcitrant restaurants to join the new association.

It is of some interest to note——

Mr. KENNEDY. Is that correct, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. Mr. Giancana's daughter recently married at a wedding which was a highly social point in Chicago, and among those who were invited to the wedding was Mr. Lardino.

In addition to that, we do not know whether Mr. Lardino appeared. However, among those who were present at the wedding was Mr. Joseph Glimco, the head of Teamsters Local 777 in Chicago, Ill.

Mr. KENNEDY. Do you know him, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell the committee what happened to Mr. Labriola and Mr. Weinberg?

Mr. SALINGER. Mr. Labriola and Mr. Weinberg were both murdered, gangland style.

Mr. KENNEDY. They were stuffed in a trunk of an automobile?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Would you tell us what you know about that, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. I might say in connection with Mr. Glimco that his acquaintanceship with Mr. Giancana is of some interest to us since Mr. Testo's testimony that when he wanted to organize Mr. Pinelli's jukebox operation in Gary, Ind., he was told before he organized it he should go see Mr. Glimco and Mr. Glimco told him not to organize the company.

The CHAIRMAN. Told him what?

Mr. SALINGER. Not to organize the company. He subsequently received a threat and did not organize them.

Mr. KENNEDY. He told him he would hear from him later?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And he never organized the company, and after that, as he told the committee, he started to receive threats and ultimately got out of business?

Mr. SALINGER. That is correct.

Mr. KENNEDY. That is not the end of our interest in Giancana, is it?

Mr. SALINGER. That is correct.

We were also interested at the time of our hearings into the jukebox business in Chicago, Ill.

Mr. KENNEDY. On Mr. Weinberg and Mr. Labriola, they are the ones that we had developed had plotted to throw Mr. Teitelbaum out the window?

Mr. SALINGER. That is correct.

Mr. KENNEDY. That was in Chicago?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Mr. Teitelbaum was the one who was on the payroll of the restaurant association for \$125,000 a year?

Mr. SALINGER. That is right. He was a representative of the Capone syndicate.

Mr. KENNEDY. And he in turn was succeeded by Anthony Champagne, who was put on by Mr. Drake, one of the big restaurant owners in the city of Chicago?

Mr. SALINGER. That is correct.

Mr. KENNEDY. He was put on at \$125,000 a year to handle their labor relations?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Both Mr. Champagne and Teitelbaum appeared before the committee and took the fifth?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And the other group, Labriola and Weinberg, both ended up murdered?

Mr. SALINGER. That is right.

Mr. KENNEDY. Would you tell us what other interest Mr. Giancana has had?

Mr. SALINGER. As I said, his interest—our interest in Mr. Giancana also included his relationship with Mr. Charles “Chuck” English, who operated the Lormar Distributing Co., on which we had considerable testimony during the recent hearings of the jukebox.

Mr. KENNEDY. Would you tell us about the Lormar Distributing Co., Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us about—

The CHAIRMAN. Is that the company that counterfeited the records?

Mr. SALINGER. That is correct, sir.

According to our information, Mr. Chairman, from the year 1952 through 1957, Mr. Giancana received a total of \$296,188 from a partnership with Mr. Charles English.

Mr. KENNEDY. Who was—

The CHAIRMAN. What kind of business?

Mr. SALINGER. The income was listed as a partnership with Mr. English and it is believed that it stems in part from the Lormar Distributing Co., an operation during this period of time.

Mr. KENNEDY. Mr. Chuck English did operate the Lormar Distributing Co.?

Mr. SALINGER. Yes, sir.

Mr. KENNEDY. And the Lormar Distributing Co. counterfeited the records and forced a number of jukebox dealers in Chicago and in other States to purchase a certain number of their records?

Mr. SALINGER. That is correct.

Mr. KENNEDY. It was because of the gangster and racketeering background that these people purchased the records?

Mr. SALINGER. That is what the witnesses testified.

Mr. KENNEDY. We will have testimony later in these hearings that the records were forced on some of the operators in the Gary area?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And from that partnership—well, give us a little background on Mr. Chuck English.

Mr. SALINGER. Mr. English was arrested in connection with his activities in the Lormar Distributing Co. and was also barred subsequently from one of the major racetracks in the Chicago area for his horseracing activities. He has long been a figure in the Chicago underworld.

Mr. KENNEDY. He is a brother of Sam English, who also featured prominently in our hearings?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Both of these people have taken the fifth amendment?

Mr. SALINGER. That is correct.

To go on with this, in the period of 1950 through 1957, Mr. Giancana, according to our information, reported a total of \$520,846.67 in income, and of that, as I pointed out, approximately 60 percent came from this partnership with Mr. English, \$296,000-odd.

It is of some interest to note that Mr. Giancana reported income from a number of clubs in the Cicero and Chicago area during 1950 and 1951, but this income disappeared following the investigation of the Kefauver committee.

Among those clubs were: The 1207 Club in Cicero, Ill.; the Pascal Club in Chicago; the Club Ozark in Chicago; the Montrose Association in Chicago; the Trotters Club in Chicago; and the Archer Club in Chicago.

In addition, in 1957 a banker by the name of Leon Marcus was murdered in Chicago, Ill. At the time his body was discovered after he had been killed, they found on his body a mortgage payment slip indicating that he had received \$100,000 from Mr. Giancana on the River Road Motel on the outskirts of Chicago.

Mr. KENNEDY. Would you tell us about that, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. What do you know about the killing of Mr. Marcus?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. Mr. Giancana reports income in the years 1955, 1956, and 1957 from a property described as Lawrence River Road in the total amount of \$42,282.80, which, according to our information, is related to this River Road Motel property on which Mr. Marcus had the mortgage payment of \$100,000 at the time he was murdered.

Mr. KENNEDY. That was a receipt. He had the receipt on his body indicating a \$100,000 payment from Giancana?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Mr. Giancana, since the conviction of Paul "The Waiter" Ricca, he now holds the No. 2 position in Chicago; does he not?

Mr. SALINGER. The authorities in Chicago consider Mr. Giancana the No. 2 man in the syndicate in the city.

Mr. KENNEDY. He and Mr. Tony Accardo, No. 1 and No. 2?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Is that correct, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you say you were No. 1, now, you are ahead of Mr. Tony Accardo, or do you think you are No. 2?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And is he also recognized as being one of the gunmen for the operation of the syndicate in the Chicago area?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. I am asking Mr. Salinger, but I appreciate your answer.

Mr. SALINGER. That is Mr. Giancana's reputation.

Mr. KENNEDY. And he has been arrested a number of times in connection with gangland murders; has he not?

Mr. SALINGER. He has been questioned on a number of occasions, including the latest one of Leon Marcus killing, the gangland murder.

Mr. KENNEDY. Could you tell us about that? Could you tell us about any of these killings that have taken place?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. SALINGER. Mr. Kennedy, in connection with the killing of Mr. Marcus, it might be pointed out that Salvatore Morretti, a former policeman in the city of Chicago, and a suspect in the killing of Mr. Marcus, was found murdered in a trunk after the murder of Mr. Marcus, and the information at that time was that he had been disposed of because he had bungled the Marcus killing.

Mr. KENNEDY. Is that correct?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the information we have had in the hearings thus far, and Mr. Rayder's testimony that the operations as far as the vice and organized gambling took place in Lake County, and they were going to try to make some efforts in the other county, in Porter County, these efforts were directed from Chicago; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And we identified the fact that Mr. Pinelli, after the 1953 meeting, came and moved into Lake County?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And that Pinelli is, in turn, a close associate of Mr. Giancana; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. We also identified the fact that Mr. Formusa, who operated in Lake County, was an associate of Mr. Giancana?

Mr. SALINGER. We know that he was a close associate of Mr. Pinelli, and we believe him to be an associate of Mr. Giancana.

Mr. KENNEDY. As a matter of fact, Mr. Formusa and Mr. Pinelli have been in business together?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Mr. Formusa handled the vice operations and Mr. Pinelli handled the gambling operations?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And the third operation was the pinballs; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. We have already gone into that.

And these operations, as far as the vice and as far as the organized gambling was concerned, were directed from Chicago, and it would appear from the associations, the friends and associates that these people have, that they were directed by Mr. Giancana?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Is that correct, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us anything about any of your operations in connection, first, with the restaurant association? Would you tell us about that?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us about the coin-machine operation that you featured in, and the forcing of operators to take a certain percentage of your counterfeit records? Would you tell us about that?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us about the vice operations down in Lake County, Ind.?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us if you have opposition from anybody, that you dispose of them by having them stuffed in a trunk? Is that what you do, Mr. Giancana?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us anything about any of your operations or will you just giggle every time I ask you a question?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. I thought only little girls giggled, Mr. Giancana. Would you tell us anything about your operations?

Mr. GIANCANA. I decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

You may stand aside, subject to being recalled.

Call John Formusa.

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FORMUSA. I do.

#### TESTIMONY OF JOHN FORMUSA, ACCOMPANIED BY COUNSEL, IRVING S. STERNBERG

The CHAIRMAN. State your name, your place of residence, and business or occupation.

Mr. FORMUSA. John Formusa, 9341 Lake Shore Drive.

The CHAIRMAN. Have you any business or occupation?

Mr. FORMUSA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you have a lawyer?

Mr. FORMUSA. Yes, sir.

The CHAIRMAN. Identify yourself for the record, counsel.

Mr. STERNBERG. My name is Irving S. Sternberg. I maintain offices at 333 North Michigan Avenue, Chicago, Ill. I am the attorney for Mr. Formusa.

The CHAIRMAN. There has been a little testimony here already that you are in the vice business. Do you want to deny it?

Mr. FORMUSA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Formusa could you tell us about the partnership you have had with Mr. Pinelli?

Mr. FORMUSA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. This operation was set up in 1954. Could you tell us what preceded Mr. Pinelli coming into Lake County?

Mr. FORMUSA. I respectfully decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Was it understood at that time that he would handle the gambling and that you would handle the vice in Lake County?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us about the operations of the M. & J. Motel?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us how the M. & J. Motel has been able to operate?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. How old are you?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you got a father and mother living?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you got a wife?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are you the father of children?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. What would incriminate you about being an American citizen?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Is he an American citizen?

Mr. KENNEDY. Mr. Chairman, according to our information, he was born December 8, 1898, in Chicago, Ill.

The CHAIRMAN. I don't think the country can be proud of him. Proceed.

Mr. KENNEDY. We understand, according to our information, that you have been a frequent visitor at Tony Accardo's home.

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

Mr. KENNEDY. And that your main source of income is that of running houses of prostitution. Is that correct?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you run houses of prostitution?



Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you have interests in them?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Do you receive money from them?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Is it that kind of ill-gotten gains that you live off of?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Have you got a conscience?

Mr. FORMUSA. I decline to answer on the grounds that my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

#### TESTIMONY OF RICHARD G. SINCLAIR—Resumed

Mr. KENNEDY. Mr. Sinclair, did you interview Mr. Formusa?

Mr. SINCLAIR. I did, Mr. Kennedy.

Mr. KENNEDY. Did you ask him about the operations of the M. & J. Motel?

Mr. SINCLAIR. I asked him about the operations of the M. & J. Motel and he admitted that was his operation.

Mr. KENNEDY. You interviewed him March 5, 1959?

Mr. SINCLAIR. Yes.

Mr. KENNEDY. Would you state what he said at that time?

Mr. SINCLAIR. Mr. Formusa, at this interview at Jackson's Restaurant in Gary, advised me that he owned two pieces of real property, his home at 9341 Lake Shore Drive, and the M. & J. Motel, which is a notorious house of prostitution with national prominence.

Mr. KENNEDY. National prominence?

Mr. SINCLAIR. National prominence.

Mr. KENNEDY. He told you that at that time?

Mr. SINCLAIR. Yes.

The CHAIRMAN. He claimed that it had national prominence?

Mr. SINCLAIR. National prominence.

The CHAIRMAN. We are giving it some more today.

Mr. KENNEDY. As I understand, he is the one who said it had national prominence?

Mr. SINCLAIR. He said it was a nationally known house of prostitution.

Mr. KENNEDY. They don't know about that—Mr. Conroy and Mr. Holovachka haven't been told about it.

Mr. SINCLAIR. That is what they testified to; yes.

Mr. KENNEDY. They heard about it operating. But it was active, was it not, when we began our investigation?

Mr. SINCLAIR. It was.

Mr. KENNEDY. In fact, there was no effort made to hide its operations in any way?

Mr. SINCLAIR. None whatsoever.

Mr. KENNEDY. What did he say to you about making money from this kind of an operation?

Mr. SINCLAIR. He said that this operation was his profession and he was following that just the same as I was following my profession as an investigator for the Federal Government.

The CHAIRMAN. In other words, his profession is to operate prostitutes; is that right?

Mr. SINCLAIR. That is what it amounts to, sir.

Mr. KENNEDY. And he said you could make your money your way?

Mr. SINCLAIR. And he would make his his way.

Mr. KENNEDY. Would you relate to the committee what his words were on that?

Mr. SINCLAIR. He said just what I have stated: that prostitution was his profession, that is, operating a house of prostitution was his profession, the same as being a Federal investigator was mine.

Mr. KENNEDY. We have uncovered the fact that he has made frequent telephone calls to Mr. Conroy of Mr. Holovachka's office; is that correct?

Mr. SINCLAIR. That is correct.

Mr. KENNEDY. This is the first time that you had interviewed him, is it not?

Mr. SINCLAIR. This is the first time that I had interviewed him. When I met with him, he was in the company of Mr. Abe Kushner, of the Kool-Vent Co.

Mr. KENNEDY. How do you spell his name?

Mr. SINCLAIR. K-u-s-h-n-e-r, of the Kool-Vent Co., of Gary, Ind.

And after Mr. Kushner left I talked to Mr. Formusa, who is also known as Johnny, and interviewed him. The interview was going along fine until I asked him a question as to how much he had to pay to continue operation of the M. & J. Motel to the police officials. At that point he took the fifth amendment.

Mr. KENNEDY. He would not answer that?

Mr. SINCLAIR. He would not answer anything further than that except to tell me who his attorney was and that further communication should be through him.

The CHAIRMAN. Did he talk pretty freely about it until he got to that point?

Mr. SINCLAIR. Until he got to that point, Senator.

The CHAIRMAN. He was kind of proud of his operation up to there?

Mr. SINCLAIR. He seemed to be.

Mr. KENNEDY. From the motel income from 1955 to 1957, it was \$114,466; is that correct?

Mr. SINCLAIR. That is what it was, Mr. Kennedy.

The CHAIRMAN. Is that net income? Is that reportable income?

Mr. KENNEDY. Income reported.

Mr. SINCLAIR. Income reported from the operation.

Mr. KENNEDY. I might say that according to the record, the lot for the motel cost \$6,000; improvements were \$16,000; furniture was \$1,000; air conditioning, \$1,800. Then there were a few other incidentals.

Mr. SINCLAIR. There was one thousand dollars' worth of furniture in the entire motel.

The CHAIRMAN. What?

Mr. SINCLAIR. One thousand dollars' worth of furniture in the motel.

The CHAIRMAN. I see.

Mr. KENNEDY. He was in operation during this period of time. He was a partner of Mr. Pinelli; is that correct?

Mr. SINCLAIR. He was associated with Mr. Pinelli at the Villa Pizza Restaurant in Gary.

Mr. KENNEDY. And also in gambling operations?

Mr. SINCLAIR. He was a part of the Doyle-Pinelli-Formusa syndicate operation in Gary which covered the vice, the gambling, and the pinball machines and slot machines.

Mr. KENNEDY. And it was this company of Mr. Pinelli, which was operating, where Mr. Testo stated that he went to organize it and he was told to go up and see Mr. Joey Glimco of Local 777 of the Teamsters up in Chicago, and where he was told that he would hear later. He heard later by not being allowed to organize it, is that correct, ultimately driving the union out?

Mr. SINCLAIR. That meeting was held at the Villa Pizza where John Formusa and Pinelli were.

I might add that on October 21, 1939, Mr. Formusa was arrested for a narcotic violation. He was apprehended for selling heroin and convicted April 23, 1940, in the U.S. district court in Hammond, Ind. He was sentenced to 2 years in the Federal Penitentiary at Leavenworth, Kans.

The CHAIRMAN. Is that this man here?

Mr. SINCLAIR. That is Mr. Formusa.

The CHAIRMAN. This prostitution promoter?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Income was \$11,000 in 1955, \$46,000 in 1956, and \$56,000 in 1957 from the motel, making a total of \$144,000 for those 3 years as income. That is how much Mr. Formusa got out of it; is that correct?

Mr. SINCLAIR. That is how much he reported as income from the M. & J. Motel. This motel was constructed in October of 1955, which somewhat coincides with the operation or the commencing of the operation of the pinball machines.

Mr. KENNEDY. It would appear to be growing each year, from the information that we have, with Mr. Holovachka as the public prosecutor in that area, 1955, and 1956, and 1957. Each year it grew a little more, became more active, did it not, this nationally known motel?

Mr. SINCLAIR. It grew in volume of business, yes, Mr. Kennedy. As a matter of fact, in 1956 over 1957, you have four times as much business in 1956 as you had in 1955, and you had about a 25 percent increase in 1957 over 1956.

Mr. KENNEDY. Could you tell us how much money you gave to Mr. Holovachka?

Mr. FORMUSA. I decline to answer on the grounds that my answer may tend to incriminate me.

The CHAIRMAN. Are there any questions?

If not, stand aside. Call the next witness.

Mr. KENNEDY. Mr. Frank Zizzo.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Zizzo. I do.

### TESTIMONY OF FRANK ZIZZO

The CHAIRMAN. State your name, your place of residence, and your business——

Mr. Zizzo. My name is Frank Zizzo.

The CHAIRMAN. Do you want them one at a time? What is your residence?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States. My answer may tend to incriminate me.

The CHAIRMAN. I asked what your residence was. You certainly don't mind giving that, do you?

Mr. Zizzo. My answer stands, Senator.

The CHAIRMAN. Where you live might incriminate you? What kind of place do you live in?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment.

The CHAIRMAN. Have you an attorney? Have you anyone to represent you?

Mr. Zizzo. I do not.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. I would like to call Mr. Duffy to give the operations of Mr. Zizzo.

The CHAIRMAN. What is your occupation?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment, that my answer may tend to incriminate me.

The CHAIRMAN. May intend to or tend to? Which did you say?

Mr. Zizzo. May tend to incriminate me.

The CHAIRMAN. Tend.

Proceed with Mr. Duffy.

### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. DUFFY. Mr. Zizzo from 1955 to April 1, 1957, was a special investigator for the Master Barbers Association in Chicago, with a reputation of being a muscleman and keeping union barbershops in line in that area.

Mr. KENNEDY. Is that correct?

Mr. Zizzo. I respectfully decline to answer.

Mr. KENNEDY. How did you get——

The CHAIRMAN. What year was that?

Mr. DUFFY. April 1955 to April 1, 1957.

Mr. KENNEDY. How did you get to be—what was he called?

Mr. DUFFY. A special investigator.

Mr. KENNEDY. How did you get to be a special investigator for the Master Barbers Association?

Mr. Zizzo. I respectfully decline to answer.

The CHAIRMAN. For what reason?

Mr. Zizzo. That my answer may tend to incriminate me.

Mr. KENNEDY. Go ahead.

Mr. DUFFY. We have other special investigators for the Master Barbers Association. Mr. Tom Morgano, who appeared before this committee, was a special investigator also.

The CHAIRMAN. What did you investigate?

Mr. Zizzo. I respectfully decline to answer, that my answer may tend to incriminate me.

Mr. DUFFY. I might also add that there are no records in the files of the Master Barbers Association to indicate what these men did do.

The CHAIRMAN. Were they on the payroll?

Mr. DUFFY. They were on the payroll.

The CHAIRMAN. At what salary? Do you remember?

Mr. DUFFY. I think—I better wait, Senator. Tomorrow we will have more testimony on that.

The CHAIRMAN. You don't recall exactly?

Mr. DUFFY. We will have that tomorrow morning, Senator.

The CHAIRMAN. All right.

Mr. DUFFY. Relating to Mr. Zizzo's operation in Lake County, he resigned from the Master Barbers Association effective April 1, 1957. James Rutledge, who was a member of the conspiracy with Mr. Pinelli and Mr. Formusa on illegal gambling operations died, and Mr. Zizzo came over to Lake County to take over those operations.

We know that as a fact established by a Federal agency. And also we know that the Federal gambling stamp issued to Rutledge in 1957 was issued to Mr. Zizzo for the Uptown Lunch in Whiting. In 1959 the Federal gambling stamp was again issued to Mr. Zizzo for the operation, which is a known bookie and gambling operation.

Mr. KENNEDY. Could you tell us about any of your operations down there, why you happened to come down to Lake County?

Mr. Zizzo. I respectfully decline to answer under the grounds that that question may tend to incriminate me.

Mr. KENNEDY. Who was it that send you down there to operate in Lake County, Mr. Zizzo?

Mr. Zizzo. I respectfully decline to answer, that that question may tend to incriminate me.

The CHAIRMAN. Did you ever do anything that wouldn't tend to incriminate you?

Mr. Zizzo. I respectfully decline to answer, that that question may tend to incriminate me.

The CHAIRMAN. Are you an American citizen?

Mr. Zizzo. I respectfully decline to answer, Senator.

The CHAIRMAN. You think a fellow is a pretty sorry sort of scum who can't answer that he is an American citizen without possible self-incrimination? Do you want to answer that, or do you want to take the fifth?

Mr. Zizzo. I respectfully decline to answer, that that question may tend to incriminate me.

The CHAIRMAN. The answer might tend to incriminate you?

Mr. Zizzo. It might.

The CHAIRMAN. The only way it could would be if you answered yes.

Mr. KENNEDY. The Uptown Lunch Club is one of the places he operated?

Mr. DUFFY. A bookie operation, operated by Mr. Zizzo.

Mr. KENNEDY. How much did he declare out of that?

Mr. DUFFY. \$26,723.41 for the year 1957.

Mr. KENNEDY. Is that one of your bookie operations down there?

Mr. ZIZZO. I respectfully decline to answer.

Mr. KENNEDY. Were you put in charge of that by Anthony Pinelli?

Mr. ZIZZO. I respectfully decline to answer, that that question may tend to incriminate me.

Mr. KENNEDY. And you were one of those who was brought out of Chicago in accordance with the arrangements that have been made between Mr. Pinelli and Mr. Giancana? You were one of those who was brought down to operate some of the gambling operations in Lake County; is that correct?

Mr. ZIZZO. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States.

Mr. KENNEDY. Mr. Chairman, I think this shows, as we develop it again tomorrow, with the activities of Mr. Pinelli, as much as any hearing that we have had the operation or the syndicate operation of the underworld here in the United States, where they come from one community to another, they set up and establish their operations, and get complete control of industries, the vice, the gambling, and when they need a labor union they set a labor organization up; when they feel it is more beneficial they put a labor organization out of existence.

Here is a case where Mr. Zizzo was brought down from Chicago to the operations in Lake County, all because of his relationship with Mr. Pinelli and Mr. Giancana, who was the gunman for the remnants of the Al Capone mob.

The CHAIRMAN. Do you want to make any explanation of it?

Mr. ZIZZO. I respectfully decline to answer, Senator, under the provisions of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer may tend to incriminate me.

Mr. KENNEDY. Of course, Mr. Chairman, this is only possible where you have lax law enforcement. All of these operations could not have existed. Mr. Zizzo could not have come down there. You could not have had Mr. Pinelli's operations. You could not have had Mr. Formusa's open operations, if it had not been for the help and assistance given by Mr. Holovachka.

Mr. Holovachka, if he was following through on his responsibilities, of course, these things could not have happened or continue to go on.

Could you tell us, Mr. Zizzo, what payments were made to Mr. Holovachka for allowing your operation?

Mr. ZIZZO. I respectfully decline to answer under the provisions of the fifth amendment of the U.S. Constitution, by reason of the fact that my answer may tend to incriminate me.

Mr. KENNEDY. Another individual that was brought down there was Mr. Tony Gruttadauro, the nephew of Tony Pinelli?

Mr. ZIZZO. I respectfully decline to answer under the fifth amendment to the Constitution of the United States, by the fact that my answer may tend to incriminate me.

Mr. KENNEDY. Mr. Gruttadauro was one of those in Lake County, and he was also an investigator for the Chicago Barbers Association.

The CHAIRMAN. Do you know him?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment of the Constitution of the United States by reason of the fact that my answer may tend to incriminate me.

The CHAIRMAN. Did you work with him in that capacity?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States, by reason of the fact that my answer may tend to incriminate me.

The CHAIRMAN. Where is your home?

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States by reason of the fact that my answer may tend to incriminate me.

The CHAIRMAN. We can only assume from that that you live in some place in the United States you are ashamed of.

Mr. Zizzo. Do you want me to answer that, Senator?

The CHAIRMAN. I don't care whether you do or not.

Mr. Zizzo. I respectfully decline to answer under the provisions of the fifth amendment to the Constitution of the United States by reason of the fact that my answer may tend to incriminate me.

The CHAIRMAN. It wasn't necessary to do that——

Mr. Zizzo. I am sorry, Senator.

The CHAIRMAN. That is not an answer.

Mr. Zizzo. I am sorry, Senator.

The CHAIRMAN. That is taking the fifth amendment. I thought you wanted to answer something.

Proceed.

Mr. KENNEDY. Mr. Chairman, I might ask Mr. Duffy to put in the telephone calls from Mr. Formusa to Mr. Conroy, the documents that we have.

The CHAIRMAN. Is Mr. Formusa still here?

Mr. KENNEDY. I think he has gone. But we mentioned them when he was here.

The CHAIRMAN. Mr. Duffy, you may identify them.

Do you have a list? What do you have there in your hand?

Mr. DUFFY. I have the toll tickets, Senator.

The CHAIRMAN. Telephone toll tickets?

Mr. DUFFY. Yes.

The CHAIRMAN. Are they originals?

Mr. DUFFY. They are originals.

The CHAIRMAN. How many have you?

Mr. DUFFY. I have six in my hand.

The CHAIRMAN. Six. Who are the telephone calls from and to whom?

Mr. DUFFY. The calls are from Yellowstone 8-5324, which is the telephone listing for John Formusa. They are made to Executive 8-0022, which is the unlisted telephone number of Walter Conroy.

The CHAIRMAN. We asked Mr. Conroy about them yesterday and also asked him about the calls?

Mr. DUFFY. Right.

Mr. KENNEDY. He couldn't remember, he said.

The CHAIRMAN. They may be made in bulk exhibit No. 14.

(Telephone toll tickets referred to were marked "Exhibit No. 14" for reference, and may be found in the files of the select committee.)

The CHAIRMAN. Are there any other questions of this Mr. Zizzo? Are there any questions of witness Zizzo?

Mr. KENNEDY. I might say, Mr. Chairman, that some of these calls are less than a minute, but the one, for instance, on January 30, 1959, was for a couple of minutes, and then we have some of these calls for as long as 4 or 5 minutes.

The CHAIRMAN. What dates are they?

Mr. KENNEDY. September 2, 1958; October 1, 1958; January 2, 1959; January 3, 1959; January 30, 1959.

The CHAIRMAN. All of them less than a year ago, and one of them within the last—

Mr. KENNEDY. We do not have them prior to that time, but those are the records for the 6-month period.

The CHAIRMAN. He averaged a call for each month?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. Is there anything else?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may stand aside.

The committee will stand in recess until 2 o'clock tomorrow afternoon.

(Whereupon, at 3:30 p.m., the committee recessed, to reconvene at 2 p.m., Wednesday, June 10, 1959.)

(Members of the select committee present at the taking of the recess were Senators McClellan and Capehart.)



# INVESTIGATIONS OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

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WEDNESDAY, JUNE 10, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES  
IN THE LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 2:30 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Frank Church presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Frank Church, Democrat, Idaho; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; LaVerne J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

Senator CHURCH. The committee will come to order.

(Members of the select committee present at time of convening: Senators Church and Capehart.)

Senator CHURCH. Mr. Kennedy, will you call the first witness, please?

Mr. KENNEDY. Mr. Anthony Pinelli, Mr. Chairman.

Senator CHURCH. Mr. Anthony Pinelli, please come forward.

You do solemnly swear that all the evidence you will give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PINELLI. I do.

## TESTIMONY OF ANTHONY PINELLI

Senator CHURCH. Will you please give the committee your name, your residence, and your occupation, please?

Mr. PINELLI. Anthony Tony Pinelli.

Senator CHURCH. Where do you reside, Mr. Pinelli?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

Senator CHURCH. Mr. Pinelli, do you honestly believe that telling the committee where you reside would tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its

amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

Senator CHURCH. What is your occupation, Mr. Pinelli?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

Senator CHURCH. Do you honestly believe that if you were to tell this committee your occupation, a truthful answer to the question, "What is your occupation?" would tend to render you liable to criminal prosecution?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

Senator CHURCH. All right, Mr. Kennedy; would you please pursue the examination of this witness?

Mr. KENNEDY. Mr. Chairman, we have already had the testimony in connection with Mr. Pinelli's activities in northern Indiana, and the fact that he moved in in 1954 and took over some of the gambling at the same time that Mr. John Formusa was taking over the vice.

We had the third operation of pinball machines, all with the help and assistance of the office of the public prosecutor, Mr. Metro Holovachka.

So I would like to start out by asking Mr. Pinelli if he made any payments directly or indirectly to Mr. Metro Holovachka.

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, I would like to say that we have done a considerable amount of work regarding the activities and the background of Mr. Anthony Pinelli. We consider him one of the most important witnesses that we have had before the committee, because of his widespread influence and his associations with some of the leading gangsters in several sections of the United States.

Mr. Salinger has conducted that investigation, and I would like to have permission to call him to develop the material that we have been able to put together regarding the activities of Mr. Anthony Pinelli.

Senator CHURCH. Mr. Salinger, would you come forward, please?

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Senator CHURCH. Mr. Salinger, have you been sworn in the course of these hearings concerning the Lake County situation?

Mr. SALINGER. I have, sir.

Senator CHURCH. Would you identify yourself for purposes of the record at this point? You are a member of the staff of this committee? Is that not correct?

Mr. SALINGER. I am, sir.

Senator CHURCH. Mr. Kennedy.

Mr. KENNEDY. Mr. Salinger, you have made an investigation, together with other members of the staff, regarding the activities of Mr. Anthony Pinelli; is that right?

Mr. SALINGER. I have, sir.

Mr. KENNEDY. Mr. Anthony Pinelli is of considerable interest to the committee, because his criminal activities up to about 1953 were completely unknown; is that right?

Mr. SALINGER. That is correct, sir.

Mr. KENNEDY. And even up until today in this investigation, the extent of his operations was unknown; is that correct?

Mr. SALINGER. That is right, sir.

Mr. KENNEDY. Would you give a little of the background of Anthony Pinelli, where he lived, where he came from, when he moved in on the rackets and gambling in northern Indiana?

Mr. SALINGER. Mr. Anthony Pinelli's principal occupations were in the Chicago area up to 1951, although from 1945 to 1951 he took up residence in the town of Sierra Madre, Calif. That is a town on the outskirts of Los Angeles in Los Angeles County.

There he bought a home, moved his family and took up residence, occasionally making trips to the East, which people who knew him only knew were for business interests, and they did not know what these business interests were.

Mr. Pinelli is 59 years old. He was born in 1899. He has used a number of aliases, including the alias of Joe Legno. He has used the name of Frank Heisler, which is of interest to us because that is the name of his accountant.

Mr. KENNEDY. Who comes from Chicago?

Mr. SALINGER. Who comes from Chicago. And he has used the name of Tony Melton. He was indicted for violation of the National Prohibition Act in 1933 and served a 6-month sentence at that time in the De Kalb County jail.

In 1952 he was charged with illegal manufacture of nontaxpaid whisky, along with a number of other people, and this charge he received a probation sentence on. It is of some interest to note that one of his associates in that second conviction was a man by the name of Sam Ventura, about whom we will have further information, but with whom he has maintained an association throughout the years.

In fact, we have an invoice on one of Mr. Pinelli's enterprises for some meat which was delivered to this enterprise, which was signed for by Mr. Ventura.

Mr. Pinelli has five children, two sons and three daughters. The two sons are married to daughters of top syndicate persons, one of them being Phil Amari, who is a top mobster in the New Jersey area, and the other a man named James DeGeorge.

Mr. KENNEDY. Spell the names as we go along.

Mr. SALINGER. Phil Amari, A-m-a-r-i. He is in New Jersey. The other gentleman whose daughter married a son of Anthony Pinelli is James D-e-G-e-o-r-g-e.

Mr. KENNEDY. Where is he from?

Mr. SALINGER. Mr. DeGeorge is from Chicago.

As I said, Mr. Pinelli moved out to Sierra Madre in 1945, but during the years 1945 through 1951 he conducted bookmaking activities

in Chicago. He operated a number of clubs, including the Grenshaw Club, the Fillmore Club, and the Arlington Club, in Chicago, Ill.

Mr. KENNEDY. Would you give us those names again?

Mr. SALINGER. G-r-e-n-s-h-a-w; the Fillmore Club, F-i-l-l-m-o-r-e; and the Arlington Club, A-r-l-i-n-g-t-o-n. He had a number of partners in these enterprises, including a man named James Markese, James Nicoletti, Sam Siano, and Joseph Dote. In the years 1948, 1949, 1950, and 1951, his income from these bookmaking enterprises totaled \$92,590.59.

It is of some interest to note that following the activities of the Kefauver committee, Mr. Pinelli ceased to declare income from bookmaking enterprises, and instead, in all the ensuing years, he has shown income labeled in his tax returns as dice game winnings, Las Vegas, Nev. We will go into that a little more extensively later in his testimony.

Mr. Pinelli acquired valuable real estate in the Los Angeles County area. Among these real estate possessions which he acquired were a number of homes in the town of Sierra Madre, in fact, right along the main street of Sierra Madre.

Mr. Chairman, I have here a picture, an aerial photo, which shows seven of these homes which were acquired by Mr. Pinelli during the period when he lived in California.

Mr. KENNEDY. The point of all this is that while he was involved in this illicit and illegal activity in the Midwest, he moved out to this small city outside of Los Angeles, settled there, and with the illegal profits that he was making from his various operations, he invested in real estate and gradually got control of much of the best real estate in Sierra Madre; is that correct?

Mr. SALINGER. Along the main street of Sierra Madre.

Mr. KENNEDY. As you go on, you will develop and show how he was able to extend his operations beyond real estate into a number of other companies?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Businesses that he was able to gain control of through these illicit operations?

Mr. SALINGER. That is correct.

Senator CHURCH. The photograph that you have handed me is of the business district of Sierra Madre?

Mr. SALINGER. That is correct, sir.

Senator CHURCH. And the buildings in the photograph that are labeled 1, 2, 3, 4, 5, 6, and 7, respectively, are buildings that were acquired by this witness during the period that you have testified to?

Mr. SALINGER. That is correct.

Senator CHURCH. Very well. With that identification, this may be made exhibit No. 15.

(Photo referred to was marked "Exhibit No. 15" for reference and may be found in the files of the select committee.)

Senator CHURCH. Exhibit No. 15 is for purposes of the record.

Mr. KENNEDY. Have you a memorandum there that identifies the addresses?

Mr. SALINGER. I will identify them.

Mr. KENNEDY. I don't think you have to read it in.

Mr. SALINGER. It is a memorandum in which point 5 is the identifying material for this particular photograph.

Senator CHURCH. That may be made part of exhibit No. 15.

Mr. SALINGER. The homes which are portrayed here, and I will go through them briefly—first I will give you a total of their value as of the present time, as closely as we can determine through an examination of the real estate records in Los Angeles County.

The total value of these real estate holdings, including others I will mention, are \$443,600. They include homes at 481 West Sierra Madre Boulevard.

Senator CHURCH. I don't think you have to go through the addresses.

Mr. SALINGER. Right. In addition, Mr. Pinelli acquired valuable land in the heart of Hollywood, only a few blocks, in fact, from the corner of Hollywood and Vine, where was erected the Movietown Motel, the present value of which is in the neighborhood of \$200,000.

This motel is carried in the name of Anthony Pinelli, Jr., and Salvatore Pinelli, his sons. It is of interest that in addition to the money which was loaned to them by Mr. Pinelli, Sr., the witness here, to get this motel started, they also received substantial loans from three gentlemen I previously identified as having part of Mr. Pinelli's bookmaking enterprises in Chicago, Ill.

These loans are evidenced by three checks payable on the bank of the Movietown Motel, Hollywood, Calif., and made payable to James Markese, in the amount of \$12,500; Sam Siano, in the amount of \$5,000; and Joe Dote, in the amount of \$5,000; a total of \$22,500.

These three gentlemen—the books of the Movietown Motel show that these three gentlemen received these checks in return for loans they made to help the motel get started.

Mr. KENNEDY. In addition to being in the bookmaking operations with Pinelli, isn't it correct that Mr. Siano is one of those individuals who was a special investigator for the Chicago Barbers Association?

Mr. SALINGER. That is correct.

In addition, the family acquired the Covina Liquor Store, in Covina, Calif.

Senator CHURCH. Before we go on to that, the three checks that you have referred to, all dated June 9, 1954, and payable respectively to the orders of Joe Dote, Sam Siano, and James Markese, in the respective sums of \$5,000, \$5,000, and \$12,500, all bearing the signature of Salvatore J. Pinelli—

Mr. SALINGER. He is the son of Anthony Pinelli.

Senator CHURCH. You have referred to these checks as evidence of the fact that this witness' son paid these amounts in payment for loans made in the acquisition of the motel?

Mr. SALINGER. The motel, which is carried in the names of Salvatore and Anthony Pinelli, Jr., borrowed money at its inception to help it get started from these three gentlemen, and these payments are returns of those loans.

Senator CHURCH. These checks are evidence of repayment of those loans?

Mr. SALINGER. That is correct.

Senator CHURCH. Very well. The three checks may be made exhibits Nos. 16 A, B, and C.

(Checks referred to were marked "Exhibit Nos. 16A, 16B, and 16C" for reference and will be found in the appendix on p. 18784, 18786.)

Senator CHURCH. Please continue.

Mr. SALINGER. As Mr. Kennedy stated, Mr. Pinelli was a relatively unknown person and a completely unknown person to authorities in the Los Angeles area, even though he had lived there for approximately 8 years.

In January 1953, when Anthony Accardo, Sam Giancana, and Dr. Eugene Chesrow arrived at the Los Angeles International Airport—

Mr. KENNEDY. That was when Tony Accardo and Sam "Mooney" Giancana, the two top gangsters in Chicago, came out with Dr. Chesrow to Los Angeles and were met there by Anthony Pinelli; is that right?

Mr. SALINGER. By Frank Ferraro and Anthony Pinelli.

Mr. KENNEDY. January 5, 1953?

Mr. SALINGER. Yes.

Mr. KENNEDY. Spell Ferraro.

Mr. SALINGER. F-e-r-r-a-r-o.

Mr. KENNEDY. Mr. McShane, could you give briefly the background of Mr. Ferraro, who was expected to be a witness? You know the details.

Senator CHURCH. Please be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McSHANE. I do.

### TESTIMONY OF JAMES J. P. McSHANE

Senator CHURCH. Please give your name and your connection with the committee.

Mr. McSHANE. My name is James McShane. I am a Senate investigator for this committee, and I reside in New York City.

Senator CHURCH. Very well.

Mr. KENNEDY. Mr. McShane, just give us an outline of the background of Mr. Ferraro. Mr. Ferraro was expected to be a witness, but he is the one who had an attack at the time he got to the airport.

Mr. McSHANE. They took him from the airport to a hospital in Chicago. His true name is Frank Sortino, and he resides at 320 Oakdale Avenue, in Chicago, a floor below Mr. "Dutch" Vogel, Eddie Vogel.

On January 15, 1953, Mr. Ferraro rented a Cadillac in Los Angeles and drove Mr. Pinelli to the Los Angeles International Airport, where they met Mr. Tony Accardo, Mr. Sam "Mooney" Giancana, flying under the name of Mancuso, and Dr. Chesrow.

Dr. Chesrow identified himself as the superintendent of the Oak Forest Old People's Home, and he was the personal physician for the last 15 to 20 years of Tony Accardo.

It is interesting to note that Mr. Ferraro is Gus Alex's No. 1 man in the first ward in Chicago. They control everything illegal. They have the reputation, in using the parlance of the underworld, of being "hard coal," and of all members of the Chicago underworld, Mr. Ferraro and Mr. Alex are considered the most vicious and ruthless.

Over the years we have been able to establish that Mr. Ferraro has made trips to Miami, to Bimini with Tony Accardo; Mr. George

Giacola, also known as George King, and who is also known very well in the Chicago underworld.

Another thing that might be of interest if Mr. Ferraro was here today, if we could question him, is the slaying of Theodore Rowe, who was slain in gangland fashion some years ago when he was the king of policy on Chicago's South Side.

The prime suspects in that particular homicide, Senator, were Sam Alex, a brother of Gus Alex, Rocco Coluccio, and Mr. Ferraro. As of today, we have been able to establish that Mr. Ferraro owns a 42-foot Chris-Craft cabin cruiser. Also on the records of the Coast Guard in Chicago, it shows that he shared this with, again, Mr. Rocco Coluccio, and a John Rodi. The address given, the business address given for the ownership of this boat, is 2500 South Ashland Avenue, which, incidentally, happens to be the business address of the Chris-Craft office.

Mr. KENNEDY. Is Mr. Ferraro the one that identified himself as the tailor when he was out there?

Mr. McSHANE. He identified himself as a tailor; yes, Celano Tailor Co. of 43 South Jackson Avenue, Chicago.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. KENNEDY. Mr. Salinger, would you continue with the meeting that took place?

Mr. SALINGER. I might say these gentlemen arrived in Los Angeles and they made a quick trip into town, which lasted 3 or 4 hours, and returned to the airport where they were picked up by the Los Angeles Police Department and were questioned. As was testified yesterday, they had a substantial amount of cash in their pockets.

Mr. Pinelli was interviewed at the airport and he was very beligerent. He said he was an importer-exporter and was released. The Los Angeles police then inquired as to who Mr. Pinelli was, and they got back the information that they had very little on Mr. Pinelli, except they heard that he might be a bookmaker. But their curiosity was aroused and they set up a close surveillance on Mr. Pinelli's activities, which resulted in some rather interesting things.

First of all, during one of their surveillances, they spotted a car parked in front of Mr. Pinelli's home which was registered to Frank DeSimone. Mr. DeSimone is a lawyer who was present at the Apalachin meeting and who is known as a gangland lawyer in the West.

A number of people were seen emerging from Mr. Pinelli's house. They were trailed and finally apprehended. They turned out to be Mr. DeSimone, Mr. John Sebastian LaRocca, of Pittsburgh, Pa.—

Mr. KENNEDY. Spell that.

Mr. SALINGER. L-a-R-o-c-c-a. And Mr. Salvatore Marino, of San Jose, Calif.

Mr. KENNEDY. Who is Marino?

Mr. SALINGER. Mr. Marino identified himself as the owner of the California Chess Co. in San Jose, Calif., and he told the police officers that he had come to Los Angeles with his old friend, Mr. LaRocca. Mr. LaRocca identified himself to the police as the owner or president of the Kooler Keg Co. of Pittsburgh, Pa., with offices at 500 North Craig Street, Pittsburgh.

He also had a card in his possession describing him as a representative of the Coin Machine Distributing Co. of Pittsburgh, Pa. Both of these cards were in the name of John S. LaRocca. I have the three cards here, Mr. Chairman, which were taken from these gentlemen when they were apprehended as a result of their visit with Mr. Pinelli.

It is of some interest, and this is in 1956 that this observation was made of Mr. Pinelli's home and gave the police there some indication of his importance in the underworld circles, that in 1955 Mr. John S. LaRocca, the same Mr. John S. LaRocca, and Mr. Gabriel Kelly Mannarino, both giving the address of 500 North Craig Street, Pittsburgh, Pa., registered at the Hotel Gary in Gary, Ind.

The registration of these two gentlemen at the Hotel Gary in Gary, Ind., shows "Charge to Mr. Melton, room 648." We interviewed the manager of the hotel, and have a deposition from him in which he identifies Mr. Melton, who was staying in room 648 at that time, as Mr. Anthony Pinelli on the basis of a picture shown to him of Mr. Pinelli.

Mr. KENNEDY. So Mr. Mannarino and Mr. LaRocca not only met with Mr. Pinelli out on the west coast, but they came to the Hotel Gary, and stayed there in 1956; is that correct?

Mr. SALINGER. 1955.

Mr. KENNEDY. They came there in 1955 and stayed there, and their hotel bill was paid by Mr. Anthony Pinelli, who was staying at the Hotel Gary under a different name?

Mr. SALINGER. That is correct. Not to get confused, Mr. Mannarino came to Gary. He did not go out to the west coast. That was Mr. Marino, a different individual.

We might place this affidavit in the record, too, Mr. Chairman, because it relates to a number of other visits of Mr. Pinelli to Gary, Ind., during the period in which we are interested in his activities in Gary, Ind.

On a number of occasions he registered at the hotel in most instances as Mr. Tony Melton, and on most occasions shared the room with a woman who identified herself as Mrs. Josephine Melton, about whom we will have further testimony.

Senator CHURCH. I have here what appears to be an affidavit signed by S. W. Ferry. I take it that S. W. Ferry was the hotel clerk in question?

Mr. SALINGER. That is correct, sir.

Senator CHURCH. Have you personal knowledge that this affidavit was, in fact, his and bears his signature?

Mr. SALINGER. That is correct, sir.

Senator CHURCH. With that identification, without objection, it will be made exhibit No. 17 for purposes of the record.

(Affidavit referred to was marked "Exhibit No. 17" for reference and may be found in the files of the select committee.)

Mr. SALINGER. Also, during the course of surveillance on Mr. Pinelli's home in Sierra Madre, the automobile of Max Berman, of Chicago, Ill., was seen in front of his home. Mr. Max Berman is a longtime Chicago hoodlum. He is a notorious burglar who was paroled in 1942 after spending 12 years in prison for burglary.

(At this point Senator Mundt entered the hearing room.)



Mr. SALINGER. Also, as a result of surveillance in Los Angeles, Mr. Pinelli was seen meeting with Mr. Adolph John Formusa, who was a witness before the committee yesterday, and who was identified as a man operating houses of prostitution in Lake County, Ind.

They met in Los Angeles on October 30, 1956, and were observed by the police department there. Investigation was made of a bookmaking establishment in Chicago located at 140 North Dearborn Street. This telephone was used extensively by Anthony Accardo and Jacob M. Guzik.

The records of that telephone showed they were in communication with Mr. Pinelli at his unlisted telephone number in Sierra Madre, Calif. Further, we established a relationship between Mr. Pinelli and Mr. Tom Morgano who, according to the testimony before this committee, attempted to bribe an official in Porter County, Ind., to open up gambling in that county.

Mr. Pinelli and Mr. Morgano were partners in the operation of the Stag, which was a bookmaking and gambling operation, which operated in Gary, Ind., but closed in 1957.

Through other information, Mr. Pinelli has been in touch with and associated with such west coast hoodlums, all of whom are now deceased, as Girolamo Adamo, Jack Dragna, and Tony Mirabile.

Mr. Pinelli, following the Kefauver committee, diversified his activities considerably. In addition to his extensive real estate holdings in California, he moved into the Lake County, Ind., area as the operator of the Century Distributing Co., a jukebox distributing firm about which there will be further testimony.

He also opened a pizza restaurant known as the Villa Pizza. He operated a firm called the North Side Grape Distributors, and according to records we have of the North Side Grape Distributors, among his partners in that venture were Mr. James DeGeorge and Mr. Joseph Gagliano.

Mr. Gagliano was a witness before the committee during recent hearings, and invoked the fifth amendment. He has a lengthy criminal record. He has been seen at several of the so-called July Fourth lawn parties of Mr. Anthony Accardo.

(At this point Senator Church withdrew from the hearing room.)

Mr. SALINGER. He operated in olive oil, and he also had a business as a wine merchant. It is of some interest to us, this wine business. Mr. Pinelli appeared at the winery called the Capistrano Winery and Vineyard in Fontana, Calif. He was accompanied by Mr. Charles Dippolito, Charles Salvatore Dippolito. Mr. Dippolito is a known underworld figure with a long criminal record. And also with Mr. Joe Dippolito. These gentlemen instructed the owner of the winery to turn over 30,000 gallons of burgundy and some 24,000 gallons of port to the account of Mr. Pinelli. This, from what we have been able to determine, is how Mr. Pinelli got in the wine business originally, through Mr. Dippolito telling them to turn over the wine they had for his use in storage to Pinelli.

Mr. KENNEDY. They are also notorious figures?

Mr. SALINGER. They are.

Mr. KENNEDY. And understood by the police departments of the West to run the underworld in San Bernardino?

Mr. SALINGER. That is the information we have from the Los Angeles Police Department.

As I said, following the end or the exposures of the Kefauver committee, Mr. Pinelli started to list large amounts on his income-tax return as dice-game winnings, Las Vegas, Nev. This becomes of some interest to us.

(At this point Senator McClellan returned to the hearing room.)

Mr. SALINGER. During the years 1952 through 1958, he declared a total of \$74,000 in this manner.

We first were able to determine the source of some of these dice-game winnings through examination of Mr. Pinelli's bank accounts in Sierra Madre, Calif., and were able to find a number of checks made out to Mr. Pinelli by the Desert Inn, in Las Vegas, Nev. I will read off the checks and their amounts.

One check is in the amount of \$16,400, dated December 8, 1952; the second check is in the amount of \$9,800, dated December 28, 1953; a third check is in the amount of \$12,300, dated January 26, 1953; and the fourth check is in the amount of \$5,000, dated February 1, 1954. All these checks were drawn on the account of the Desert Inn and made payable to Mr. Pinelli.

When we went to inquire from the Desert Inn as to what these checks represented, we were told that they were exchanges for cash which Mr. Pinelli had turned in at the casinos there. We were told that Mr. Pinelli just appeared with this cash and they gave him the checks, and they assumed he had won that money in gambling, but they had no way of proving that he had won the money in gambling.

(At this point Senator Capehart withdrew from the hearing room.)

Mr. SALINGER. This represents \$74,000 in gambling winnings. There are several things which tend to indicate that this device was used by Mr. Pinelli as a way of taking cash which he had secured from illicit enterprises and converting it into gambling winnings in Las Vegas, Nev., so he could then funnel his money into legitimate enterprises.

Mr. KENNEDY. You mean stating it was gambling winnings?

Mr. SALINGER. Stating that. It might not have been. There are two occasions that this was the case. In the first place, Mr. Pinelli was arrested and picked up for questioning in Las Vegas, Nev., in 1958.

At that time he was questioned by a deputy sheriff of the Clark County sheriff's office, Deputies R. Griffin and J. Simmons.

Mr. Pinelli had a card on him which described him as president of the Century Distributing Co., Gary, Ind., accompanied by Mr. Frank J. Heisler, his certified public accountant.

At that time he made this statement to the officers: Pinelli implied that Las Vegas had lost a good gambler because we were rousting him, indicating that he had lost a total of \$30,000 while visiting Las Vegas.

The statement that he made at that time to these officers is at direct variance with his returns, which showed that he declared \$74,000 in dice-game winnings in Las Vegas, Nev.

The second indication comes in the form of accountant-work papers, prepared for him by Mr. Heisler. One of these work papers is a computation of the anticipated income of Mr. Pinelli for the year 1956, on which he could base an estimated tax return, and it is of some interest to note that this anticipated income schedule prepared by the accountant and found in his files lists wager profit at \$7,000.

It is extremely hard to understand how either Mr. Pinelli or his accountant could foresee that he was going to win \$7,000 in gambling in that particular year.

Mr. KENNEDY. In other words, it would appear that he was bringing cash into Las Vegas, and that he would then get checks for it from the Desert Inn and list it on his tax returns as gambling winnings; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. The money, in fact, came from the other illicit enterprises that he was operating throughout the country?

Mr. SALINGER. That is the assumption.

#### TESTIMONY OF ANTHONY PINELLI—Resumed

Mr. KENNEDY. Is that correct, Mr. Pinelli?

Mr. PINELLI. I respectfully decline to answer the question for the reason under the Constitution of the United States, and all its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. SALINGER. Mr. Pinelli had two other interesting visitors during the time that he was under observation by the police department in Los Angeles.

The first of these was Mr. Don Smith, who, through investigation, has proved to be a member of the vice squad of the Gary Police Department.

I have here, Mr. Chairman, a registration card showing the registration on August 13, 1956, of Mr. and Mrs. Don Smith and family, 4963 Madison Street, Gary, Ind., at the Movietown Motel, in Hollywood, Calif., owned by Mr. Salvatore and Anthony Pinelli.

An examination of the records of that motel fail to show that Mr. Smith paid for his stay which extended over a period of 6 days at \$12 a day for the room they occupied.

It is of some interest that the following day, while Mr. Smith was a guest, the same Mr. Salvatore Marino, I previously testified about, also checked into the Movietown Motel and remained the same days that Mr. Smith was there.

Mr. KENNEDY. Mr. Don Smith is a member of the vice squad of the police department of the city of Gary, Ind.?

Mr. SALINGER. That is correct.

Mr. KENNEDY. He is one of those detectives that has jurisdiction over gambling and vice?

Mr. SALINGER. That is correct.

During the same period they were registered at the Movietown Motel, an Olds Holiday automobile bearing Indiana plates CD4963 was seen in front of Mr. Pinelli's home. An investigation by the police department showed that that automobile was registered in the name of Margaret P. Smith, 4963 Madison Street, Gary, Ind., the wife of Don Smith, about whom I have just testified.

A second interesting visitor to Mr. Pinelli's home was Mr. Unetich. Mr. Unetich is also a member of the vice squad of the Gary Police

Department, and his car was also observed parked in front of the home of Mr. Pinelli in December of 1955.

Excuse me, that was in the Christmas holidays in 1956.

Mr. KENNEDY. He is also a member of the vice squad?

Mr. SALINGER. That is correct.

Mr. KENNEDY. That is, of the Gary Police Department.

Mr. John Formusa also visited Mr. Pinelli; did he not?

Mr. SALINGER. Yes, sir.

Mr. KENNEDY. He was visiting in 1958, also, the same year?

Mr. SALINGER. That is correct.

We made a further—through information which we secured from the examination of telephone calls made by Mr. Pinelli in Gary, Ind., when he was registered at the Gary Motel, under the name of Tony Melton, we found that—

The CHAIRMAN. Who was registered under the name of Tony Melton?

Mr. SALINGER. Mr. Pinelli, the witness here.

#### TESTIMONY OF ANTHONY PINELLI—Resumed

The CHAIRMAN. Is that your name?

Mr. PINELLI. I respectfully decline to answer the question for the reason under the Constitution of the United States—

The CHAIRMAN. Do you go under the names of aliases?

Mr. PINELLI. And all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

The CHAIRMAN. Do you go under the names of aliases?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

The CHAIRMAN. Can you answer any question without reading that statement you have before you?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

The CHAIRMAN. Don't you think the answer you have just given, particularly in response to the question asked you, is a bit silly?

Mr. PINELLI. I didn't hear you.

The CHAIRMAN. I said, don't you think the answer you have just given in view of the question I asked you is a bit silly?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States, and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

The CHAIRMAN. All right. Let's see how silly it will be.

Go ahead.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. SALINGER. Mr. Milton, on July 3, 1955, from his hotel room in Gary, Ind., placed a call to Las Vegas, Nev., to the Sands Hotel, and he asked for Mr. Abe Kushner, or Mr. Don Smith.

Mr. KENNEDY. Who is Kushner?

Mr. SALINGER. Kushner is president of the Kool-Vent Awning Co., and was a partner of Mr. Pinelli's in the Villa Pizza Restaurant in Gary, Ind. He loaned Mr. Pinelli \$7,500 on that venture.

In checking at the Sands Hotel we found Mr. Smith indeed registered there on that date in 1955, along with Mr. Kushner and two other gentlemen: one, Mr. Jack Doyle, who had been the longtime gambling boss of Lake County, Ind., and Mr. Herb Morris, of Gary, Ind. The four registered together at the hotel in Las Vegas, Nev. In fact, their cards indicate that they registered with each other. In other words, the key room numbers indicate that the four were in a party together.

Mr. KENNEDY. That was Mr. Jack Doyle who, up to the time of the Kefauver investigation, was head of gambling in Lake County, Gary?

Mr. SALINGER. That is correct.

Mr. KENNEDY. And he had already been convicted of income tax evasion?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Evidently this same officer who had been out on the west coast staying at Pinelli's hotel, was at Las Vegas with Mr. Doyle after he had been convicted of income tax?

Mr. SALINGER. That is correct. Mr. Pinelli, as testimony developed here, came into Lake County, Ind., following Mr. Doyle's problems, and took over gambling operations there while Mr. Formusa was taking over vice operations, and the pinball syndicate was flourishing with the help of Mr. Holovachka.

The CHAIRMAN. I came in a little late. Let me get my bearings.

Is this testimony directed to the same situation which we have been investigating there in Gary, Ind.?

Mr. SALINGER. That is correct, sir.

The CHAIRMAN. And this witness Pinelli had contacts with this Don Smith?

Mr. SALINGER. That is correct, sir.

The CHAIRMAN. And Don Smith was——

Mr. SALINGER. Vice officer of the Gary Police Department.

The CHAIRMAN. Vice officer of the Gary Police Department?

Mr. SALINGER. That is correct.

The CHAIRMAN. Is this part of the same syndicate that moved in there and took control?

Mr. SALINGER. That is correct, sir.

Mr. Pinelli moved in on the gambling end of the syndicate following the Kefauver committee's exposure of Mr. Jack Doyle's activities. As we have shown through these registration cards, Mr. Smith, a member of the vice squad of the Gary Police Department, not only made a trip to Las Vegas with Mr. Doyle, but also the next year went to California and stayed at Mr. Pinelli's motel and his car was seen in front of Mr. Pinelli's home.

Senator MUNDT. Did Mr. Don Smith leave the employment of the city of Gary as a police officer at the same time Jack Doyle left Lake County, or did he continue to be a police officer?

Mr. SALINGER. Mr. Smith, to my knowledge, is a member of the vice squad of Gary Police Department as of today, sir.

Senator MUNDT. Even now, after these known associations with men like Mr. Pinelli and Mr. Doyle?

Mr. SALINGER. As far as I know, he is still—he has been consistently a member of the vice squad of that police department since 1950.

Senator MUNDT. And as far as you know remains in that lofty position today?

Mr. SALINGER. Yes, sir.

Senator MUNDT. You might call that to the attention of the chamber of commerce that sent us that telegram.

Mr. SALINGER. Mr. Smith will be here to testify today, Senator.

The CHAIRMAN. Is Mr. Smith present?

Mr. KENNEDY. Yes.

The CHAIRMAN. Come forward, Mr. Smith.

Mr. KENNEDY. And Mr. Unetich.

The CHAIRMAN. Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. UNETICH. I do.

Mr. SMITH. I do.

#### TESTIMONY OF FRANK UNETICH AND DONALD SMITH

The CHAIRMAN. For the present, each of you state your name and address.

Mr. SMITH. My name is Don Smith. My address is 4963 Madison Street, Gary, Ind.

The CHAIRMAN. Will you state your name, please?

Mr. UNETICH. My name is Frank Unetich. I live at 1346 Roosevelt Street, Gary, Ind.

The CHAIRMAN. Mr. Pinelli, look on your right. You see two gentlemen seated there. The one next to you says his name is Donald Smith, of 4963 Madison Street, Gary, Ind. Do you know him?

#### TESTIMONY OF ANTHONY PINELLI—Resumed

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States, and all of its amendments, especially the fifth amendment, my answer would be given testimony against myself and might tend to incriminate me.

The CHAIRMAN. The Chair asks you again the question: Do you know the man sitting immediately on your right who has identified himself as Donald Smith of 4963 Madison Street, Gary, Ind.?

I ask you if, since you have declined to answer it on the grounds that it might tend to incriminate you—I am asking you the question now——

Mr. PINELLI. I respectful——

The CHAIRMAN. Wait a minute.

Do you honestly believe that if you gave a truthful answer to the question, do you know the man who sits on your right who has identified himself as Donald Smith, that a truthful answer to that question might tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States, and all of

its amendments, particularly the fifth amendment, my answer would be giving testimony against myself and might tend to incriminate me.

The CHAIRMAN. The Chairman, with the approval of the committee, now orders you and directs you to answer the question whether you honestly believe that if you gave a truthful answer to the question, Do you know the man sitting immediately on your right who has identified himself as Donald Smith of 4963 Madison Street, Gary, Ind., that such a truthful answer might tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer the question for the reason that under the Constitution of the United States, and all of its amendments, particularly the fifth amendment, my answer would be giving testimony against myself, and might tend to incriminate me.

The CHAIRMAN. May I inquire, Mr. Counsel, if the witness was asked whether he desired counsel before he appeared, before he began his testimony?

Mr. KENNEDY. He was not.

The CHAIRMAN. Do you desire counsel to represent you?

Mr. PINELLI. What was that? I didn't hear.

The CHAIRMAN. Do you desire to have counsel here to represent you? The answer is "No"?

Senator MUNDT. I can't hear the answer.

Mr. PINELLI. I respectfully decline—

Senator MUNDT. That isn't any answer to this question. The Chair asked you whether you wanted counsel or not.

Mr. PINELLI. I don't want counsel.

The CHAIRMAN. The reason I asked you whether you wanted counsel is because the Chair is going to admonish you that you may be placing yourself in contempt of the Senate by refusing to answer the question whether you honestly believe that if you gave a truthful answer to these questions, that a truthful answer might tend to incriminate you.

I do not want to pursue this, lay the foundation and then have the committee bring up, possibly, a citation for contempt, without giving you notice of it and giving you an opportunity, if you desire, to have counsel present.

I want you to understand what may be involved in your position, and what the consequences of it may be.

Do you want to state now, or do you want to answer the question differently by stating whether you honestly believe a truthful answer might tend to incriminate you, to these questions, such as whether you know the man sitting on your right who has identified himself as Donald Smith?

Do you want to change your answer, or do you want the same song?

Mr. PINELLI. I respectfully decline to answer any questions.

The CHAIRMAN. That is your privilege.

Mr. PINELLI. Yes.

The CHAIRMAN. The Chair now admonishes you that the orders and directions from the committee, and I do this with the approval of the committee, for you to answer the question will continue during the time you remain on the witness stand and in the jurisdiction of this committee. Do you understand it?

Mr. PINELLI. No, sir.

The CHAIRMAN. Well, I am telling you. I gave you opportunity to have counsel.

The orders of the Chair for you to answer the question continue during your presence here. Do you understand that?

Mr. PINELLI. No.

The CHAIRMAN. Well, you are not that stupid.

Proceed, Mr. Kennedy.

First, let me ask the other witness a question.

What is your name, please?

Mr. UNETICH. I am Frank Unetich.

The CHAIRMAN. And you live where?

Mr. UNETICH. 1346 Roosevelt Street, Gary, Ind.

The CHAIRMAN. Do you know the man who has just identified himself as Frank Unetich, who sits beyond the man on your right who identified himself as Donald Smith? Mr. Unetich says he lives at 1346 Roosevelt Street, Gary, Ind.

Mr. PINELLI. I respectfully decline to answer the question for the same reason previously stated.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to such question, that a truthful answer might tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer the question for the reason stated.

The CHAIRMAN. With the approval of the committee, the Chair orders and directs you to answer that question, and I will give to you again the same admonition I gave to you a few moments ago, and give you the opportunity, if you desire, to secure counsel, to be present and advise you.

Mr. PINELLI. I respectfully decline to answer for the same reason previously stated.

The CHAIRMAN. And you don't want counsel, you stated; is that right?

Mr. PINELLI. I respectfully decline to answer—

The CHAIRMAN. You respectfully decline to say whether you want counsel or not? Is that what you are saying?

Mr. PINELLI. I respectfully decline to answer the question for the same reason.

The CHAIRMAN. Then it will be held by the committee that you waived counsel. I am giving you an opportunity to have counsel. If you want to leave the record that way, that is your privilege.

Mr. PINELLI. I decline to answer the question.

The CHAIRMAN. The record will remain as it is.

Senator MUNDT. Mr. Chairman, this witness is obviously in contempt of the committee. At one time he says he does not want counsel, the next time he takes recourse in the fifth amendment. No witness can engage in that kind of frivolity in front of a senatorial committee and not be in contempt. He either has to make up his mind—he says once he doesn't want one, and then the next time he takes recourse in the fifth amendment. This is not a game of hide and seek we are playing.

This is serious business, Mr. Pinelli. Let me ask you once more, because in response to my question you said clearly, "I do not want counsel." Do you remember saying that?

Mr. PINELLI. What is that?



Senator MUNDT. Do you remember saying that you do not want counsel?

Mr. PINELLI. I decline to answer—

Senator MUNDT. That has nothing to do with that. I am asking if you remember saying it. You can answer that yes or no. Do you remember saying for the record a few moments ago that you do not want counsel?

Mr. PINELLI. I respectfully decline to answer on the same grounds.

#### TESTIMONY OF FRANK UNETICH AND DONALD SMITH—Resumed

Senator MUNDT. Mr. Smith, do you know the man sitting at your left who identifies himself as Anthony Pinelli?

Mr. SMITH. I do.

Senator MUNDT. Have you met him before today?

Mr. SMITH. I have.

Senator MUNDT. In your opinion, does he know you when he sees you?

Mr. SMITH. In my opinion he does.

Senator MUNDT. Mr. Unetich, do you know the gentleman second to your left who identified himself as Anthony Pinelli?

Mr. UNETICH. I do.

Senator MUNDT. Have you seen him before today?

Mr. UNETICH. Yes, sir.

Senator MUNDT. In your opinion, does he know you when he sees you?

Mr. UNETICH. Yes, sir.

#### TESTIMONY OF ANTHONY PINELLI—Resumed

Senator MUNDT. Now, Mr. Pinelli, in view of the evidence that you have just heard, let me ask you again the question: Do you know the man sitting immediately at your right, Mr. Donald Smith, who says that he has met you before and that you know him when you see him?

Mr. PINELLI. I respectfully decline to answer on the same ground I previously stated.

Senator MUNDT. Do you honestly believe that a forthright answer to that question would incriminate you?

Mr. Smith is a police officer—I am not sure, I haven't asked Mr. Unetich what his profession is.

Are you a police officer?

Mr. UNETICH. Yes, sir.

Senator MUNDT. Are you a police officer?

Mr. SMITH. Yes, sir.

Senator MUNDT. These men are police officers. Certainly the assumption is that a police officer is a good, honest American citizen. Do you want us to believe that if you tell this committee that you know Mr. Smith and know Mr. Unetich, it would incriminate you?

Mr. PINELLI. I respectfully decline to answer on the same ground previously stated in answer to my previous statement.

Senator MUNDT. In view of the fact that you did not want counsel, where did you get that sheet of paper from which you are reading rather badly? Did you bring that sheet of paper with you? Did you find it on the desk? Where did you get that sheet of paper?

Mr. PINELLI. I decline to answer under the same ground.

Senator MUNDT. What ground? I am always intrigued when I hear you read it.

Mr. PINELLI. Sir?

Senator MUNDT. On what ground?

Mr. PINELLI. On the ground that it might incriminate me.

Senator MUNDT. Under what amendment to the Constitution do you make that stand?

Mr. PINELLI. What was that?

Senator MUNDT. I didn't hear you.

Mr. PINELLI. I didn't hear you, sir.

Senator MUNDT. Under which amendment to the Constitution do you make this stand?

Mr. PINELLI. I just respectfully decline to answer any questions.

Senator MUNDT. On what basis?

Mr. PINELLI. On the ground it might tend to incriminate me.

Senator MUNDT. What makes you think that is a legitimate answer?

Mr. PINELLI. I don't.

Senator MUNDT. Mr. Chairman, I think this witness is clearly in contempt of a committee of Congress on the basis of his behavior here this afternoon.

The CHAIRMAN. That is why I admonished him that the order and direction that the Chair gave would continue throughout the period that he is here.

If you want to purge yourself of this contempt, be thinking about it and get ready to answer questions, and state whether or not you honestly believe truthful answers might tend to incriminate you.

If you want to state that under oath, then we will hear you. Otherwise, I shall ask the staff to prepare the necessary documents for the committee to act in reporting you to the U.S. Senate for contempt. I didn't want you to have any misunderstanding about it.

I didn't want to take advantage of you, because you say you do not have counsel and I can't be sure whether you want or don't want counsel, except you make no manifestations that you do want counsel.

I have been trying to let you understand what the situation is so you might be governed accordingly. You may do just exactly what you are doing, if that is what you want to.

But there may be some consequences in your doing so.

Proceed.

Mr. KENNEDY. I hadn't expected to call you gentlemen at this moment—

The CHAIRMAN. I did not mean to interrupt the procedure.

Mr. KENNEDY. We can dispose of it right now.

The CHAIRMAN. All right. Proceed.

#### TESTIMONY OF FRANK UNETICH AND DONALD SMITH—Resumed

Mr. KENNEDY. Mr. Smith, you joined the Gary Police Department in April 1943; is that correct?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. And you became a detective on the gambling and vice detail somewhere in 1953, approximately 1953?

Mr. SMITH. I believe so.

Mr. KENNEDY. And you still hold that position?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Approximately 1953; is that correct?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. You have known Mr. Pinelli for a number of years?

Mr. SMITH. A number of years; yes.

Mr. KENNEDY. Excuse me?

Mr. SMITH. A number of years; yes.

Mr. KENNEDY. You knew him in Gary, Ind., when he first came to Gary, Ind.?

Mr. SMITH. I don't know when he first come, but that is when I first knew him from.

Mr. KENNEDY. In 1956—

Senator MUNDT. In what capacity did you know him, Mr. Smith, in Gary?

Mr. SMITH. As a restaurant owner.

Senator MUNDT. In your responsibility as a police officer, did you have any cause ever to investigate him or arrest him or suspect him, or do you simply know him to be a restaurant owner, presumably a respectable and responsible restaurant owner?

Mr. SMITH. I thought him to be a respected restaurant owner.

Mr. KENNEDY. You weren't aware of the fact that he operated a number of gambling joints in Gary, Ind., in Lake County?

Mr. SMITH. No, I wasn't.

Mr. KENNEDY. You never were aware of that?

Mr. SMITH. I am aware of it from what I am hearing from the committee and read in the papers; yes, now.

Mr. KENNEDY. But up until the last 4 or 5 days you weren't aware of it?

Mr. SMITH. No. Before that I was aware of it.

Mr. KENNEDY. When were you first aware of the fact that he was operating gambling joints?

Mr. SMITH. It was probably in the local paper a year or so ago. I don't know. I just can't remember when it was.

Mr. KENNEDY. But not until you read it in the local paper were you aware that he was running a gambling joint?

Mr. SMITH. Not until I read it in the local paper or heard it on the street or wherever I heard it.

Mr. KENNEDY. And you were a detective in the vice and gambling squad of the Gary Police Department?

Mr. SMITH. That is right.

Mr. KENNEDY. In 1956, according to the testimony before our committee, you made a trip to California. Is that correct?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. And you stayed at the motel owned by Mr. Pinelli?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Would you relate to the committee the circumstances under which you stayed at the motel of Mr. Pinelli?

Mr. SMITH. I went on a vacation with my family and we stopped at that motel. I don't know what the name of it is.

Mr. KENNEDY. How did you happen to stop at that motel?

Mr. SMITH. Well, we were going to visit my brother who lives in California. He wasn't home at the time. My wife and children or

between them picked out that motel because it was close to what they were going to do, some sightseeing in Hollywood.

Mr. KENNEDY. It was just a coincidence that it happened to be a motel owned by Mr. Pinelli?

Mr. SMITH. It was at that time; yes.

Mr. KENNEDY. There must be thousands and thousands of motels in that area.

Mr. SMITH. No, there isn't.

Mr. KENNEDY. There are thousands and thousands of motels in Los Angeles and the Los Angeles area. You just happened to pick out the one that was owned by Anthony Pinelli?

Mr. SMITH. I didn't pick it out. My wife did or the children.

Mr. KENNEDY. She just happened to pick out that one?

Mr. SMITH. From a motel book we take when we go traveling; that is right.

Mr. KENNEDY. As I understand the area, there are at least three or four within that block or within a couple of blocks. Did you just happen to go to that one? Was it just a coincidence that it was owned by Anthony Pinelli, of Gary, Ind.?

Mr. SMITH. If you want to call it coincidence, I guess that is what it was, a coincidence.

Mr. KENNEDY. I don't want to call it anything. I want you to describe the circumstances. Did you find out it was owned by Mr. Pinelli?

Mr. SMITH. Yes, I did.

Mr. KENNEDY. When did you find that out?

Mr. SMITH. Well, to know for sure it was owned by Mr. Pinelli, we got there early in the morning and some time that afternoon a gentleman knocked on our room door, the door of the room, and I opened it, I had been sleeping, and he identified himself as Mr. Pinelli, son of Tony Pinelli, and seeing I was from Gary, he asked if I knew his dad, and I said I did, that he run a restaurant in Gary, and that I knew him.

Mr. KENNEDY. Did you have further conversation with him?

Mr. SMITH. With who?

Mr. KENNEDY. With the son.

Mr. SMITH. Not that I can recall.

Mr. KENNEDY. Did you ever meet Tony Pinelli while you were out there?

Mr. SMITH. Yes; I did.

Mr. KENNEDY. Did he come to see you?

Mr. SMITH. One of the days we were there we were having breakfast across the street in a restaurant from this motel, in an outside patio, and his son brought him over and he had coffee with us.

Mr. KENNEDY. Had you been quite friendly with Anthony Pinelli?

Mr. SMITH. Before that?

Mr. KENNEDY. Yes.

Mr. SMITH. Yes; I had been friends with him.

Mr. KENNEDY. Did you go visit him at his home then?

Mr. SMITH. No; I did not.

Mr. KENNEDY. According to the Los Angeles Police Department, your car was identified outside the home of Mr. Anthony Pinelli at the same time you were staying at the motel.

Do you have explanation for that?

Mr. SMITH. My wife's car, you mean.

Mr. KENNEDY. The car registered in your wife's name.

Mr. SMITH. Yes.

Mr. KENNEDY. Did she go visiting then?

Mr. SMITH. She possibly could have.

Mr. KENNEDY. Who paid your motel bill at the motel?

Mr. SMITH. As I told you before, when I talked to my wife, she says she is almost positive or is positive, words whatever she used, that she paid that bill.

Mr. KENNEDY. You didn't pay it yourself?

Mr. SMITH. No.

Mr. KENNEDY. She pays the bills?

Mr. SMITH. When we are traveling, she carries the money; that is right.

Mr. KENNEDY. It is her recollection that she paid the bill; is that correct?

Mr. SMITH. It is her recollection.

Mr. KENNEDY. We also had testimony in connection with a visit that you made to Las Vegas.

Mr. SMITH. That is right, sir.

Mr. KENNEDY. With whom did you go to Las Vegas?

Mr. SMITH. A Mr. Kushner, of the Kool-Vent Awning in Gary, and Mr. Morris, an attorney, and Mr. Jack Doyle.

Mr. KENNEDY. How long had you known Mr. Jack Doyle?

Mr. SMITH. I probably knew Jack Doyle 17 years, 16 years.

Mr. KENNEDY. Who was he?

Mr. SMITH. Who was Jack Doyle, did you say?

Mr. KENNEDY. Yes.

Mr. SMITH. Well, Jack Doyle, as you say, was before the Kefauver committee for running some gambling in Lake County. He was a restaurant owner.

Mr. KENNEDY. How did you happen to go to Las Vegas with Jack Doyle?

Mr. SMITH. A guest of Mr. Kushner.

Mr. KENNEDY. Mr. Kushner of the Kool-Vent Co?

Mr. SMITH. That is right.

Mr. KENNEDY. How did he happen to invite you to go to Las Vegas?

Mr. SMITH. If I remember correctly, he was going there on business with his attorney, Mr. Morris, and his wife was going to attend, and at the last minute his wife didn't go. I know the night before we left, which was over the Fourth of July holidays, that he asked me to go and I agreed to go with him.

Mr. KENNEDY. Who paid for your trip?

Mr. SMITH. I am presuming that Mr. Kushner did.

Mr. KENNEDY. You did not?

Mr. SMITH. I did not; no, sir.

Mr. KENNEDY. Where did you stay in Las Vegas?

Mr. SMITH. Name the hotel. I can't think of it now.

Mr. KENNEDY. The Colonial Inn?

Mr. SMITH. No; that is when I was with my family.

Mr. KENNEDY. The Sands?

Mr. SMITH. That is it, the Sands.

Mr. KENNEDY. You, Mr. Doyle, Mr. Kushner, and Mr. Morris stayed at the Sands?

Mr. SMITH. Yes, sir.

Mr. KENNEDY. Who paid for your bill there?

Mr. SMITH. I didn't pay for it.

Mr. KENNEDY. What about your trip back to Gary?

Mr. SMITH. I didn't pay for it.

Mr. KENNEDY. Were you aware of the fact that Mr. Jack Doyle had just been convicted of income tax evasion at that time?

Mr. SMITH. I know Mr. Doyle was convicted of income tax evasion, but I don't know at that time whether I knew it or not. As soon as he was convicted I knew it.

Mr. KENNEDY. He had been convicted shortly prior to that time. Actually, in 1954 he had been convicted of income tax evasion. He appeared before the Kefauver committee and had been identified as the operator of gambling in the Gary area.

Mr. SMITH. If he was convicted in 1954, then, I knew it. But I don't think he was convicted in 1954.

Mr. KENNEDY. He was convicted in August of 1954.

Mr. SMITH. He was? Then I knew it.

Mr. KENNEDY. You went to Las Vegas with him in July 1955.

Senator MUNDT. At the time you went to Las Vegas with Mr. Doyle, did you know he was running gambling operations in Gary?

Mr. SMITH. He was running a restaurant at that time.

Senator MUNDT. I know that. Did you know that he was also running gambling institutions in Gary?

Mr. SMITH. I don't think he was running gambling institutions in Gary at that time.

Senator MUNDT. You didn't know that he was a gambler at that time?

Mr. SMITH. I knew he had a past record as a gambler; yes, sir.

Senator MUNDT. Just on the face of it, it sounds kind of curious why you would be the guest of a notorious gambler to Las Vegas or anywhere else. But why, as a police officer in charge of gambling investigations, would you accept an offer to go anywhere with a gambler?

That seems rather strange. If you have an explanation, I think you should be entitled to make it.

Mr. SMITH. Senator, I don't believe I can make any explanation on that. It was bad judgment, but I did it and I have to admit it.

Senator MUNDT. Do you think it was kind of bad company that you got yourself in?

Mr. SMITH. It sure was. I wouldn't be here if I didn't do it.

Senator MUNDT. You can see with just a cold look at it from the outside, it doesn't look like the right kind of camaraderie to have, when a police officer in charge of cleaning up the town of gambling—

Mr. SMITH. I am not in charge of vice. I am a member of it.

Senator MUNDT. A member. All right. Well, a police officer engaged in investigating gambling and a fellow who is engaged in gambling going off together, somebody reading that would think that was a kind of strange companionship; would they not?

Mr. SMITH. They sure are.

Senator MUNDT. Did you have a little squeamish thought before you went, or did you hastily make up your mind not to start regretting it until later?

Mr. SMITH. My squeamish thoughts were when I was called before this committee.

Senator MUNDT. You never thought about it from that time until now?

Mr. SMITH. Yes. I was admonished by our mayor for it, Senator, when he learned about it.

Senator MUNDT. That was after you returned?

Mr. SMITH. After I returned, yes, sir; and also by the chief of police I was admonished.

Senator MUNDT. All right.

Mr. KENNEDY. Do you know why Anthony Pinelli would be calling you in Las Vegas?

Mr. SMITH. That is the first I knew about it when I heard it in the testimony today. I don't talk to him on the phone. I don't ever remember talking to him on the phone.

Mr. KENNEDY. I don't think the testimony was that you did talk to him. All of the records we have are that Anthony Pinelli placed a call either to you or to Mr. Kushner at Las Vegas.

I think the records show that the call was incomplete.

Do you have any idea as to why he would be calling you out there, trying to get in touch with you?

Mr. SMITH. I have no idea, sir.

Mr. KENNEDY. You have been quite friendly with Mr. Doyle for a period of time; is that right?

Mr. SMITH. Mr. and Mrs. Doyle, both. My wife and I are friends of theirs, that is right.

Mr. KENNEDY. Mr. Unetich, you are a——

Senator MUNDT. Before you leave Mr. Smith, I would like to ask one other question.

Can you think of any reason why Mr. Pinelli might feel that to recognize that he knows you would tend to incriminate him?

Mr. SMITH. I didn't quite get the question.

Senator MUNDT. Can you think of any reason why Mr. Pinelli should tell this committee that if he were to recognize the fact that he knows you, it might tend to incriminate him?

Mr. SMITH. I know of no reason, Senator.

Senator MUNDT. Is there anything you can think about in your past connections, operations, associations or dealings which would give him a legitimate reason to say, "If I told this committee I know that man, I am in trouble. I am incriminating myself. So I got to say I am taking recourse in the fifth amendment"?

Can you think of any reason that would be legitimate as to why he should have such a justifiable concern?

Mr. SMITH. I know of no reason.

Senator MUNDT. You know of none?

Mr. SMITH. No reason.

Mr. KENNEDY. Mr. Unetich, you joined the Gary Police Department in April of 1956; is that right?

Mr. UNETICH. That is right.

Mr. KENNEDY. And you became a detective sometime in 1955; is that right? Around there?

Mr. UNETICH. Around there; yes.

Mr. KENNEDY. And you have been a member of the gambling and vice squad since that time?

Mr. UNETICH. That is right.

Mr. KENNEDY. We have had the testimony in connection with a trip around Christmas of 1955, where you stayed at the motel of Mr. Pinelli. Would you explain that to the committee?

Mr. UNETICH. Yes, sir. A year prior to this, on New Year's Day, I was watching TV, watching the Rose Bowl game with a friend of mine who is a painting contractor.

Mr. KENNEDY. What is his name?

Mr. UNETICH. George Stevens. We were watching the Parade of Roses and the Rose Bowl game. We decided we would take a vacation the following year and see the game. I explained to him that if I could go, I would have to get permission from my superiors to take a week of my vacation in the following year, because it is against the rules of the department, that you have to take it all in 1 year.

I said if we want to go, I have to make sure that I don't have to take my vacation during that time of the year. During the year we discussed it and finally, around October, I went to my sergeant and told him about the trip and he got permission for me to take my vacation at that time.

So we started out and drove. My partner had a motel address.

Mr. KENNEDY. Who had obtained the tickets for you?

Mr. UNETICH. My partner got them from an attorney named Robert Lucas.

Mr. KENNEDY. Who is Mr. Lucas?

Mr. UNETICH. He is an attorney.

Mr. KENNEDY. And he represents both Anthony Pinelli and John Formusa; does he not?

Mr. UNETICH. I don't know that.

Mr. KENNEDY. You do not know that?

Mr. UNETICH. No, sir.

Mr. KENNEDY. Well, the record shows that he represents both Mr. Formusa and Mr. Pinelli. The tickets were obtained from him or through him?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. Go ahead.

Mr. UNETICH. On the way out on the trip we discussed about staying, where we were going to stay, and he showed me the address that he had. When we got to Los Angeles, we went to this motel. We went in to register. There was a boy there that said that he had a room for us. We went to the room and the next morning we come in from breakfast and Mr. Pinelli was there talking to his boy.

He come over to our room and discussed about how we liked California, one thing and another. I asked him if there was any place we could go watch the TV game to see the world championship professional football playoff, and through that he invited us to his home to watch it.

So we went to his home and watched the game. I met his wife, his mother, and some other relatives of his. He showed us a couple of



homes next door that he was building, drove us around the town, showing this friend of mine how construction out in California differs from back in Indiana. When we got back from the trip, the chief called me in.

Mr. KENNEDY. Who paid for your motel room out there?

Mr. UNETICH. The morning we left, as I recall it, I got the car and put the bags in, and my friend came from the office. As we drove out, he told me that the boy told him that the motel bill was on his dad.

Mr. KENNEDY. Did you know about Anthony Pinelli at that time?

Senator MUNDT. Let me ask one thing.

You said the chief called you. What do you mean? Which chief?

Mr. UNETICH. When I got back to work, one day the chief called me into the office——

Senator MUNDT. I thought you meant he called you while you were out there.

Mr. UNETICH. No.

Senator MUNDT. I thought you said the chief called you out there.

Mr. UNETICH. No.

Senator MUNDT. All right.

Mr. KENNEDY. Did you know that Mr. Pinelli was active in gambling and other operations, and a notorious figure throughout the country, at that time?

Mr. UNETICH. Not until after that trip.

Mr. KENNEDY. When did you learn it?

Mr. UNETICH. I got called in to the office and the chief asked me, he said, "During the trip, did you get involved in an auto accident or get arrested for speeding?" I said, "No." And he said that he just got a call from the license bureau of Indiana that the Los Angeles authorities were checking my car out.

A day or so later he called me back in and he said, "When you was out in California, did you see this guy Pinelli?" I said, "Yes." He said, "That is the reason they checked your car. They seen your car parked by his house or somewhere."

Mr. KENNEDY. Did you know Mr. Pinelli before you went out there?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. As what, socially or otherwise?

Mr. UNETICH. He owned a restaurant.

Mr. KENNEDY. You didn't know anything about his gambling activities?

Mr. UNETICH. No, sir.

Mr. KENNEDY. Could you tell the committee how it would be possible for him to be active in gambling and these kind of operations in Gary for a number of years, and two members of the vice squad and gambling squad not know about it?

Mr. UNETICH. Who is active in gambling?

Mr. KENNEDY. Mr. Anthony Pinelli.

Mr. UNETICH. I never knew that.

Mr. KENNEDY. You never knew it?

Mr. UNETICH. No, sir.

Mr. KENNEDY. When did you find out he was active there?

Mr. UNETICH. In gambling?

Mr. KENNEDY. Yes.

Mr. UNETICH. When I read about it in the papers.

Mr. KENNEDY. Is that the only way members of the gambling and vice squad found out what was going on in Gary—to read about it in the papers?

Mr. UNETICH. No, sir.

Mr. KENNEDY. Do you know John Formusa?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. Do you know he ran a house of prostitution?

Mr. UNETICH. Where?

Mr. KENNEDY. In Lake County?

Mr. UNETICH. I read that in the paper.

Mr. KENNEDY. That is outside Gary?

Mr. UNETICH. Of my own knowledge, I wouldn't know.

Mr. KENNEDY. But you wouldn't have jurisdiction over that; is that correct?

Mr. UNETICH. No, sir.

Mr. KENNEDY. But you understood that he ran a house of prostitution?

Mr. UNETICH. I understood that; yes, sir.

Mr. KENNEDY. Did you ever visit with him?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. Would you relate that to the committee?

Mr. UNETICH. I think the first time I was there I heard about the home—

The CHAIRMAN. Heard about the home?

Mr. UNETICH. About the home of his.

Mr. KENNEDY. He had a big house?

Mr. UNETICH. He sure has.

Mr. KENNEDY. Well, I mean he had two kinds of houses. He had one he lived in and then he had the one with the girls.

Mr. UNETICH. I didn't visit the one you are referring to.

Mr. KENNEDY. I am just asking whether you visited where he lived.

Mr. UNETICH. Just the place where he lived.

Mr. KENNEDY. That was a major establishment itself, was it not?

Mr. UNETICH. It is a big place; it sure is.

Mr. KENNEDY. I think we have had it identified as around a \$90,000 or \$100,000 house. You visited with him there, did you?

Mr. UNETICH. I didn't visit with him there.

Mr. KENNEDY. Did you go there?

Mr. UNETICH. I went there; yes.

Mr. KENNEDY. How did you happen to go there?

Mr. UNETICH. This same friend, who always seems to get me in trouble, we were out one night for a ride, we were going somewhere, and we happened to be out going by this part of Gary. He said, "Let's stop out there. He has been calling me for a week and wants me to do some work for him."

I said, "You know, you are going to get me fired yet." He said, "Come on." And I said, "Drop me off. I don't have time to go by there." So we went over there, and I am curious, too. I wanted to see that house. And possibly a month ago—

Mr. KENNEDY. So you visited there. What did you do there? Did you sit around and have a drink, or what?

Mr. UNETICH. No; I went all through it, all through the house.

Mr. KENNEDY. Who were you with at that time?

Mr. UNETICH. George Stevens.

Mr. KENNEDY. The same contractor?

Mr. UNETICH. The same contractor.

Mr. KENNEDY. How long were you there at that time?

Mr. UNETICH. I don't recall how long I was there.

Mr. KENNEDY. Approximately.

Mr. UNETICH. I don't remember.

Mr. KENNEDY. When was that?

Mr. UNETICH. I don't remember exactly when it was.

Mr. KENNEDY. Last year, was it?

Mr. UNETICH. It could have been.

Mr. KENNEDY. Were you there for 5 minutes, or were you there for 3 hours, 4 hours, or what?

Mr. UNETICH. I don't remember.

Senator MUNDT. Well, did you stay all night?

Mr. UNETICH. No; I didn't.

Senator MUNDT. You are sure of that?

Mr. UNETICH. I am sure of that.

Senator MUNDT. Between 5 minutes and all night can you make a reasonable guess as to how long you were there? Eight hours?

Mr. UNETICH. Maybe an hour. I don't know.

Senator MUNDT. Roughly an hour, you think?

Mr. UNETICH. I could have been; yes.

Mr. KENNEDY. Was that in the evening?

Mr. UNETICH. Yes; that was in the evening.

Mr. KENNEDY. After dinner?

Mr. UNETICH. Yes.

Mr. KENNEDY. About what time?

Mr. UNETICH. It was in the evening around 7 or 8 o'clock, I guess.

Mr. KENNEDY. When was the last time you were there?

Mr. UNETICH. About a month ago I was there.

Mr. KENNEDY. Under what circumstances did you visit Formusa a month ago?

Mr. UNETICH. There was some oriental officers come through Gary from Korea, Thailand, Siam, and this particular afternoon the training officer told me to take the two out and show them—they were interested in seeing what Gary looked like.

So I took them around Miller, drove them around the lake, and my partner was off that day. He lives out there. I took them over to his house where his wife fixed coffee and sandwiches. My partner was getting ready to go out with his boat, and he wanted to know if they wanted to go along and they were all enthused, they wanted to go.

So we went for a boat ride. We went round the steel mills, showed them everything. On our way back, we come by this house of Formusa, where he lives, on the lakefront, and looking out there we could see him in the yard. He had a shotgun in his hand. So my partner pulls in and we go over there, and he is all excited about a neighbor's cat that killed a bird.

Mr. KENNEDY. This is John Formusa?

Mr. UNETICH. That is John Formusa.

Mr. KENNEDY. He is out in the backyard with a shotgun excited because a neighborhood cat had killed a bird, and you are on a tour of Gary taking some Siamese police officers; is that right?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. So you all stop in. Would you relate what happened?

Mr. UNETICH. Well, he showed us the nest in the evergreen tree, with two little birds in it, and he was all mad, and was going to kill this cat. We wind up when he invites us in the house, and these two officers wanted to go in, so we went in.

He showed them all around. I guess they had a beer. When we come out, the officers asked me, "Who is this man? What does he do?" I don't know; they misunderstood me, but they thought I said doctor.

The CHAIRMAN. They thought you said what?

Mr. UNETICH. They thought he was a doctor.

The CHAIRMAN. Did you so advise them?

Mr. UNETICH. No, sir.

The CHAIRMAN. What did you tell them he was?

Mr. UNETICH. I started to tell them that his brother was a doctor and when they thought I said he was a doctor, I just let it go at that. I didn't want to tell them who he was.

The CHAIRMAN. Why?

Mr. UNETICH. They were on a goodwill trip. Why should I tell them what was bad in this country to take it back with them?

The CHAIRMAN. You mean there was something bad about it?

Mr. UNETICH. About him, sure. The following day the chief called me in the office again, and asked me if I was at that residence, and I said "Yes," and he give me a bawling out.

Senator MUNDT. Let's go back to the first time the chief called you in, after your trip to California. You said that he inquired the first day whether you had engaged in speeding or had had a car wreck, and you said "No." Then he called you back in the next day.

Mr. UNETICH. It could have been the next day. I am not sure.

Senator MUNDT. Well, soon after that, a second time. And he said, "Now, I have found out why they are checking on your car. It has been out in the front yard or in the street before the house of Mr. Pinelli." Is that what he said?

Mr. UNETICH. He said that somebody from the Los Angeles Sheriff's Department called and said they saw me with him or at his house, I don't recall now, and said they had been investigating him for over 10 years.

Senator MUNDT. The Los Angeles Police?

Mr. UNETICH. Yes, sir.

Senator MUNDT. Was the chief surprised to find that Mr. Pinelli was in trouble with the law out there?

Mr. UNETICH. He asked me if I knew that, and I said "No." He said, "Well, I didn't know that either." He said, "Forget about it."

Senator MUNDT. The chief didn't know that Mr. Pinelli was a big-time gambler in Gary, then, either?

Mr. UNETICH. Evidently; that is what he told me.

Senator MUNDT. He hadn't read the papers yet?

Mr. UNETICH. Sir?

Senator MUNDT. He hadn't read the papers? You said it was in the papers.

Mr. UNETICH. Much later.

Mr. KENNEDY. Did you ever pick up any of the pinball machines, make any raids?

Mr. UNETICH. Yes, sir.

Mr. KENNEDY. On how many occasions did you do that?

Mr. UNETICH. Well, just lately I picked one up, 3 or 4 weeks ago.

Mr. KENNEDY. Four weeks ago?

Mr. UNETICH. It could have been.

Mr. KENNEDY. Prior to that time had you done it?

Mr. UNETICH. I could have; yes.

Mr. KENNEDY. Did you?

Mr. UNETICH. I think I have been sent out to pick up a few.

Mr. KENNEDY. Well, did you? Do you know of any time you ever did?

Mr. UNETICH. At any particular spot, do you mean?

Mr. KENNEDY. Yes.

Mr. UNETICH. No, sir; I don't remember.

Mr. KENNEDY. Have you ever, Mr. Smith?

Mr. SMITH. What is the question, Mr. Kennedy?

Mr. KENNEDY. Did you ever go out and pick up any pinball machines?

Mr. SMITH. I did.

Mr. KENNEDY. When was that?

Mr. SMITH. Approximately 1953.

Mr. KENNEDY. 1953?

Mr. SMITH. I would guess.

Mr. KENNEDY. Have you done it since 1953?

Mr. SMITH. No, sir.

Mr. KENNEDY. Why has that been? Why haven't you?

Mr. SMITH. When these court orders come out, the same as our top law enforcing officials in the county, thought they were legal, with court orders restraining them in other counties, so I suppose that is why we were not ordered to pick them up.

Mr. KENNEDY. Gambling is illegal, is it not?

Mr. SMITH. Yes, it is, if you catch them paying off.

Mr. KENNEDY. These were payoff machines. These machines were paying off.

Mr. SMITH. That is what I understand from the testimony.

Mr. KENNEDY. You knew that before you heard it in this testimony.

Mr. SMITH. Yes.

Mr. KENNEDY. Why didn't you go out and pick up any of these machines?

Mr. SMITH. Why I didn't go out and pick up any of these machines?

Mr. KENNEDY. Yes.

Mr. SMITH. I did go out and pick some of them up.

Mr. KENNEDY. Since 1953 why haven't you picked up the gambling machines?

Mr. SMITH. Because, as I stated before, there was court orders around Indiana restraining police officers from picking them up, and in our county they were not picking up the machines at that time.

Mr. KENNEDY. You might not have been picking them up. There was one case in another county. But I will restrict it particularly to gambling. Gambling was illegal. These machines were paying off. Why didn't you go in and make some arrests? If there is some explanation, give it.

Mr. SMITH. If I had caught a bartender or any other person paying somebody off, I would have made the arrest.

Mr. KENNEDY. Did you ever try to find out or did your squad ever try to find out whether these machines were paying off since 1953?

Mr. SMITH. Mr. Kennedy, I knew—it was my opinion they were paying off.

Mr. KENNEDY. Why weren't any arrests made?

Mr. SMITH. Because I never caught them paying off.

Mr. KENNEDY. Did you ever try to?

Mr. SMITH. Yes, I did.

Mr. KENNEDY. You tried to, but never could catch anyone?

Mr. SMITH. No, I never caught them.

Mr. KENNEDY. Were you instructed by your superiors to try to?

Mr. SMITH. Yes, when complaints come in on certain places—

Mr. KENNEDY. You knew this was generally going on. Did you try to stop it, try to take some steps to deal with it?

Mr. SMITH. Do you mean to make arrests?

Mr. KENNEDY. Yes.

Mr. SMITH. There was times I tried to make arrests; yes.

Mr. KENNEDY. But you never did? You have tried to make an arrest and you haven't been able to in 6 years?

Mr. SMITH. On a pinball payoff; no.

Mr. KENNEDY. What about you, Mr. Unetich? Did you try to make arrests in connection with these machines?

Mr. UNETICH. No, sir.

Mr. KENNEDY. Why?

Mr. UNETICH. I was never instructed to since 1953. I am no lawyer. I don't know whether these machines are legal. I don't even know now if they are legal or illegal.

Mr. KENNEDY. You were never instructed by your superiors to make any arrests in this connection or pick up any of these machines; is that correct?

Mr. UNETICH. No, sir.

The CHAIRMAN. Let me ask you gentlemen: Are you members of the police force? Did you say you were a member of a vice squad or a gambling squad?

Mr. UNETICH. That is what they call the detail.

The CHAIRMAN. You are members of the same squad now? What is yours?

Mr. SMITH. Senator, there are two squads in Gary. One works days and one works nights. We change about every month. There is three men on each squad. He works a different shift than I do; the opposite shift.

The CHAIRMAN. Do you have a vice squad out there of policemen, what you call a vice squad? I thought we heard some testimony on that.

Mr. KENNEDY. Gambling and vice.

Mr. SMITH. That is our assignment.

The CHAIRMAN. Well, you know, you have different policemen assigned to different characters of duties; is that correct?

Mr. SMITH. My assignment is gambling and vice.

The CHAIRMAN. What was your assignment?

Mr. UNETICH. The same thing.

The CHAIRMAN. What do they hire you for? You don't arrest anybody. You don't pick up the gambling machines. You don't stop gambling. What are they paying you for? What are your duties?

Mr. SMITH. I have made a lot of arrests, Senator. There is the record.

The CHAIRMAN. For what? Gambling?

Mr. SMITH. Gambling and prostitution.

The CHAIRMAN. Are just some favored few permitted to run? Is that it?

Mr. SMITH. On the pinball machines?

The CHAIRMAN. Yes.

Mr. SMITH. I didn't pick them up because I didn't think I was supposed to.

The CHAIRMAN. I just don't understand what you need a vice squad for and a gambling squad for if they are not to go out and pick up the gamblers and the vice operators.

Mr. SMITH. We also do other work. Last year there was 25 murders in Gary. My partner and I were assigned to 11 of them, and we solved all 11 murders.

The CHAIRMAN. That could be true. I am not questioning that. But I thought from the information that you were assigned exclusively to vice.

Mr. SMITH. Not exclusively. We work robberies, murders, larceny.

The CHAIRMAN. In other words, you do all of it?

Mr. SMITH. All of it. It is a small department, Senator.

The CHAIRMAN. I just wondered what they needed with a vice squad and a gambling squad, as such, with this thing going on out there apparently publicly. Everybody knows about it but there is nothing being done about it. I wondered if you were assigned exclusively to that, and then I wondered what you were being paid for.

Mr. SMITH. Not exclusively; no, sir.

Mr. KENNEDY. But that is one of your responsibilities?

Mr. SMITH. Yes, sir; it is.

Mr. KENNEDY. Is gambling and bookmaking going on at the present time that you know of?

Mr. SMITH. There possibly could be. There is always some kind of gambling and bookmaking going on in Gary.

Mr. KENNEDY. Are there any places that are operating that you know of at the present time?

Mr. SMITH. I am pretty sure there are places operating.

Mr. KENNEDY. Do you know specific places that are operating at the present time?

Mr. SMITH. They have the reputation. I believe they are in there trying to operate and probably operating.

Mr. KENNEDY. Is anything being done to shut them down?

Mr. SMITH. Arrests are being made.

Mr. KENNEDY. In the course of our investigation over the period of the last few weeks, we have the names of some 21 places that we

found beyond the pinball operation which we would be glad to furnish the authorities there if you would like to have it.

Mr. SMITH. I probably know them all. I have probably been in there and tried to catch them.

Mr. KENNEDY. Why haven't arrests been made, to close them down?

Mr. SMITH. You can't just close a place down.

Mr. KENNEDY. Why haven't arrests been made?

Mr. SMITH. Arrests have been made. I may have made numerous gambling arrests for pool selling—I have made numerous arrests.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Is there anything further?

Senator MUNDT. Who is it who tells you in Gary to go out and pick up a pinball machine? You said 6 years ago somebody asked you to pick up a pinball machine and you picked it up, but nobody has told you to pick one up since. Who is it that tells you?

Mr. SMITH. Sir, it could be the chief, any of five captains, or our sergeants could give us orders to go out. We are just detectives. There is a lot of brass up above us.

Senator MUNDT. Is the way it works that a detective has no right to make an arrest?

Mr. SMITH. Yes, he does.

Senator MUNDT. Unless he is told by his superior?

Mr. SMITH. No. I can make an arrest at any time.

Senator MUNDT. But for you to make an arrest, you have to actually see the crime being committed?

Mr. SMITH. That is right. It is a misdemeanor. I am not a lawyer. I understand I have to see the crime being committed on a misdemeanor.

Senator MUNDT. Do you have some kind of coordinated activity with the sheriff's office and the county prosecutor's office, or are you a separate agency operating on your own?

Mr. SMITH. Separate agency from them two. There are separate departments.

Senator MUNDT. You get no orders from the county prosecutor?

Mr. SMITH. Never as long as I have been a policeman have I got an order from a prosecutor in regards to any vice or gambling. I have got orders to appear as witnesses from them to appear in court, or to pick up witnesses and stuff like that.

Senator MUNDT. You are a couple of old pros at this business. You know and we know, and everybody in the country now knows, that there seems to be an awful lot of pinball—illegal gambling—going on pretty publicly in Gary.

Can you give any recommendations as to how you think it could be curtailed or stopped?

Mr. UNETICH. Yes. More men.

Senator MUNDT. It wouldn't make any difference how many men you have if you don't make any arrests. You have to have some arrests, don't you?

Mr. UNETICH. Sir?

Senator MUNDT. You have to have some arrests. What would the men do?



MR. UNETICH. We come to work and we are assigned cases, and they say those cases are more important than a little gambling pinch. A felony is more important than a misdemeanor, and will serve the public.

SENATOR MUNDT. Do you fellows ever go out as plainclothes details and stand around and try to catch them, or do you come in with a nice shiny badge on so that they see you and suspend operation until you leave?

MR. SMITH. Senator, I have been a policeman for 17 years. In our town, everybody connected with that business knows me. I can put on old clothes. I can't sneak in the places. There are a lot of prostitutes that, as soon as I turn the corner, they know "That is Smith right now."

SENATOR MUNDT. I appreciate that. I appreciate you are acquainted with the people in Gary and you don't have to have a uniform on to scare them away, maybe.

MR. SMITH. And a lot of these so-called book joints, which are book joints, there is a doorman on there and he knows me just as well as anybody else.

SENATOR MUNDT. Do they ever employ any temporary people as plainclothesmen, who they might not know, who can get in and clean the place up?

MR. SMITH. Senator, as rookies come on, after they get through with rookie school, we doll them up in work clothes, like a millworker, and send them out to try to get in places, make bets for us, which sometimes they do, or get into a house that we have a suspicion on that there is some prostitution going on, and we have made arrests that way.

In fact, that is about the only way that we can make prostitution arrests, to catch a rookie that nobody knows is a policeman.

SENATOR MUNDT. The same thing would be true of gambling, to put a rookie in a joint?

MR. SMITH. And have him attempt to make a bet. That is right.

SENATOR MUNDT. When you catch them, what luck do you have getting them convicted? Is it just a lot of effort and when you get them into court they slap them on their wrists and let them go?

MR. SMITH. We lose a lot of cases on a technical point of illegal search and seizure because we have not obtained a search warrant to get in there. When we see a violation, we don't have time to run and get a search warrant. We make the pinch and try to do the best we can.

There are some cases that are found not—well, not guilty, but never brought to trial because they argue search and seizure. On prostitution cases and other ones, we have been very fortunate. We have a very good judge who cooperates 1,000 percent with us.

SENATOR MUNDT. You haven't had much luck with the judges on the gambling cases?

MR. SMITH. We have quite a few gambling convictions, but there is a lot of them we lose in court.

SENATOR MUNDT. You can't blame the policemen for that. I am just trying to find out what happens. What we are trying to do is do what we can to help keep crime from moving into political life, into unions, into society.

Evidently this goes clear out to California. It is not a very pretty picture. We want to help get it straightened out.

Mr. SMITH. I appreciate that, Senator.

Mr. KENNEDY. I might point out that it might have been the fault of your superiors, but it was certainly the fault of someone that these machines were clearly illegal from 1953 to 1955. Between the two of you, you picked up, in 1953, three machines. They were illegal through 1955. Gambling was illegal from 1953 to the present time.

These machines were illegal again from 1957 on. Yet none of these machines were picked up. Possibly it is because of your superiors never giving you instructions to pick them up, but certainly that is the record.

Mr. SMITH. Mr. Kennedy, I heard Mr. Holovachka testify here yesterday and he didn't know whether they were legal or not, and we take orders from other people. There has been some doubt.

Mr. KENNEDY. No; there isn't any doubt.

Mr. SMITH. No; I know there isn't any doubt now, after hearing this at this hearing.

Mr. KENNEDY. The statute is there. These machines are, per se, illegal. They were illegal from 1957 on. Your other assistants to the prosecutor didn't know anything about the law, hadn't read the law. But these machines were illegal.

Mr. SMITH. I didn't read the lawbook either. I heard it quoted here. That is the first I heard it quoted.

Mr. KENNEDY. They were illegal in 1953 and illegal 1953 to 1955, and all this time from 1953 to 1959, gambling was illegal. Yet you haven't picked up any machines in connection with gambling.

Mr. SMITH. I testified that I haven't since 1953, I believe it is, that is right; and I picked up more than three.

Mr. KENNEDY. Excuse me.

Mr. SMITH. I believe I picked up more than three at that time.

Mr. KENNEDY. The list shows that at Al's Tavern, Beat-21 Tavern, and Trippe's Tavern, three taverns.

Mr. SMITH. I know we picked one up at Blackhawk Tavern on Broadway. That is one I can remember.

Mr. KENNEDY. Well, a number of machines. That was 6 years ago.

Mr. SMITH. Yes; about that long.

The CHAIRMAN. All right; thank you, gentlemen. You two may stand aside.

Are there further questions of the witness Pinelli?

Mr. SMITH. Are we excused?

The CHAIRMAN. Thank you very much, gentlemen; you are excused.

#### TESTIMONY OF ANTHONY PINELLI—Resumed

Mr. KENNEDY. Mr. Pinelli, did you go under the name of Tony Melton as has been testified here?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated. I decline to answer the previous question.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer to that question, a truthful answer might tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated as I declined to answer the previous question.

The CHAIRMAN. You are ordered and directed to answer the question, with the approval of the committee, and that order will extend throughout your presence as a witness.

Mr. PINELLI. I decline to answer on the same ground. It might tend to incriminate me.

The CHAIRMAN. I didn't ask a question.

Mr. KENNEDY. Did you have the financial interest in the Sierra Madre and in the Los Angeles area which has been enumerated here by Mr. Salinger?

Mr. PINELLI. I didn't hear you.

Mr. KENNEDY. Did you have the financial interest, the real estate interest, around Los Angeles and Sierra Madre that were enumerated here by Mr. Salinger? Do you have those financial interests?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated when I declined to answer previous questions.

The CHAIRMAN. Do you honestly believe that if you answered the question truthfully under oath, a truthful answer might tend to incriminate you?

Mr. PINELLI. I respectfully decline to answer on the same ground, that it might tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs you to answer the question, and those orders and directions will continue throughout your testimony.

Mr. KENNEDY. Were they purchased with the money that you made from these illegal enterprises, Mr. Pinelli?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated, that it might tend to incriminate me.

Mr. KENNEDY. We have identified you with Mr. Frank DeSimone, who attended the meeting in Apalachin. Do you know Mr. DeSimone?

Mr. PINELLI. I respectfully decline to answer on the ground it might tend to incriminate me.

Mr. KENNEDY. Do you know John LaRocca, of Pittsburgh, Pa.?

Mr. PINELLI. I decline to answer—

Mr. KENNEDY. Do you know Gabriel Mannarino, of Pittsburgh, Pa.?

Mr. PINELLI. I respectfully decline to answer on the same grounds.

Mr. KENNEDY. Do you know Max Berman?

Mr. PINELLI. I respectfully decline to answer on the same ground.

Mr. KENNEDY. Do you know John Formusa?

Mr. PINELLI. I respectfully decline to answer on the same grounds.

Mr. KENNEDY. Do you know Tom Morgano?

Mr. PINELLI. I respectfully decline to answer on the same ground.

Mr. KENNEDY. Did you take the cash that you made in your illegal enterprises out to Las Vegas and exchange it for checks out there?

Mr. PINELLI. I didn't quite get that.

Mr. KENNEDY. Did you take the cash that you made from your illegal enterprises and transfer it into checks in Las Vegas, Nev.?

Mr. PINELLI. I respectfully decline to answer on the grounds previously stated when I declined to answer the previous questions.

Mr. KENNEDY. Could you tell us what services Tony Gruttadauro, your nephew, was performing for you in Gary?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated when I declined to answer previous questions.

Mr. KENNEDY. Did he run for you the gambling establishment called the Uptown Lunch Club in Whiting, Ind.?

Mr. PINELLI. I respectfully decline to answer on the ground previously stated in declining to answer previous questions.

Mr. KENNEDY. Could you tell us what you had to do with the Barbers Association in Chicago, Ill.?

Mr. PINELLI. I decline to answer—I respectfully decline to answer on the ground previously stated in declining to answer previous questions.

The CHAIRMAN. What are you—just a cheap hood?

Mr. PINELLI. Sir?

The CHAIRMAN. I say are you just a cheap hood? Is that all you are, just one of these gambling operators running around? Do you want to take the fifth on that?

Mr. PINELLI. What is that, sir? I didn't hear.

The CHAIRMAN. Do you want to take the fifth amendment on that?

Mr. PINELLI. What was that? I don't know.

The CHAIRMAN. Read the question.

(The question was read by the reporter.)

Mr. PINELLI. I respectfully decline to answer on the grounds previously stated in declining to answer previous questions.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. KENNEDY. What is the cash situation as far as the witness is concerned?

Mr. SALINGER. 1948 through 1957, he reported a total of \$22,745 and odd cents on his income tax returns, and in the same period more than \$570,000 went through his bank account, of which some \$200,000 was in cash.

Mr. Pinelli is always in possession of considerable amounts of cash. As late as May 20, 1958, he purchased \$25,000 worth of U.S. bonds and paid for them in cash at the First Western Bank & Trust Co. in Sierra Madre, Calif.

Mr. KENNEDY. Would you tell us where you get the cash from?

Mr. PINELLI. I respectfully decline to answer on the grounds previously stated in declining to answer previous questions.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. The committee will stand in recess until 10:30 tomorrow.

(Members of the select committee present at time of recess: Senators McClellan and Mundt.)

(Whereupon, at 4 p.m. the select committee recessed, to reconvene at 10:30 a.m., Thursday, June 11, 1959.)

# INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, JUNE 11, 1959

U.S. SENATE,  
SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE  
LABOR OR MANAGEMENT FIELD,  
*Washington, D.C.*

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator Karl E. Mundt presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, South Dakota; Senator Carl T. Curtis, Republican, Nebraska; Also present: Robert F. Kennedy, chief counsel; LaVern J. Duffy, investigator; Richard G. Sinclair, investigator; James F. Mundie, investigator; John T. Thiede, investigator; Robert E. Manuel, assistant counsel; Ruth Y. Watt, chief clerk.

Senator MUNDT. The committee will come to order, please.

(Members of the select committee present at time of convening: Senators Mundt and Curtis.)

Senator MUNDT. Mr. Counsel, you may call the first witness.

Mr. KENNEDY. Mr. LaRocca and Mr. Gabriel Kelly Mannarino.

Senator MUNDT. Please be sworn.

Do you and each of you solemnly swear the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MANNARINO. Yes, sir.

Mr. LARocca. I do.

## TESTIMONY OF GABRIEL KELLY MANNARINO AND JOHN SEBASTIAN LARocca, ACCOMPANIED BY COUNSEL, V. M. CASEY

Senator MUNDT. The man in the blue suit, on this side, please give your name, your residence, and your present occupation for the record.

Mr. MANNARINO. My name is Gabriel Mannarino, and I live in New Kensington, Pa.

Senator MUNDT. And what is your occupation?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. What is your name, sir?

Mr. LARocca. My name is John S. LaRocca. I live at 900 West Ingomar, Pittsburgh. My occupation: I am the president of the North Star Cement Block Co.

Senator MUNDT. Very good.

Do each or either of you have counsel?

Mr. LARocca. I have my counsel.

Mr. MANNARINO. Yes, sir.

Senator MUNDT. Does he represent you also?

Mr. LARocca. Yes, sir.

Senator MUNDT. You both have the same counsel?

Mr. LARocca. Yes, sir.

Senator MUNDT. Counsel, will you please identify yourself?

Mr. CASEY. V. M. Casey, Grant Building, Pittsburgh.

Senator MUNDT. All right, Mr. Counsel.

Mr. KENNEDY. Mr. LaRocca, we had some testimony yesterday in connection with a visit you made to Gary in 1955. Would you tell us what you were doing there?

Mr. LARocca. I refuse to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. You registered at the hotel in Gary, Ind., and your bills were paid for by Mr. Pinelli, who was also at the hotel under another name. Would you tell us what work you were doing there, what you were doing consulting with Mr. Pinelli?

Mr. LARocca. I respectfully decline to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. LaRocca, according to our information, you also attended the meeting at Apalachin; is that correct?

Mr. LARocca. I decline to answer the question on the same grounds.

Mr. KENNEDY. Could you tell us what that meeting was about?

Mr. LARocca. I decline to answer the question on the same ground.

Mr. KENNEDY. According to our information, you arrived in Binghamton, N.Y., on TWA flight 482, arriving at 11:17 a.m. on November 13, 1957.

Mr. LARocca. I decline to answer the question on the same grounds.

Mr. KENNEDY. And you had a reservation to leave on flight 481 on November 14, for Newark, N.J.; is that correct?

Mr. LARocca. I decline to answer the question on the same grounds.

Mr. KENNEDY. Your verification number was Apalachin 6-2711, which was the home number of Joseph Barbara, at whose home the famous meeting was held; is that correct?

Mr. LARocca. I decline to answer the question on the same grounds.

Mr. KENNEDY. You were registered at the Hotel Arlington, Binghamton, N.Y., on November 13?

Mr. LARocca. I decline to answer the question on the same ground.

Mr. KENNEDY. You left the hotel at 8:58 on November 14, with Michael Genovese; is that right?

Mr. LARocca. I decline to answer the question on the same ground.

Mr. KENNEDY. You were not picked up at the meeting at Apalachin; you were not one of those who were arrested?

Mr. LARocca. I decline to answer the question on the same ground.

Mr. KENNEDY. Were you one of those who was able to escape through the woods, Mr. LaRocca?

Mr. LARocca. I decline to answer the question on the same ground.

Mr. KENNEDY. Would you tell us anything about what happened at the meeting at Apalachin?

Mr. LARocca. I plead the privilege.

Mr. KENNEDY. Mr. Mannarino, you also attended the meeting at Apalachin; is that correct?

Mr. MANNARINO. I decline to answer the question.

Mr. KENNEDY. For what reason?

Mr. MANNARINO. It might tend to incriminate me.

Mr. KENNEDY. You also were registered at the Hotel Gary, in Gary, Ind., in 1955?

Mr. MANNARINO. I decline to answer the question.

Mr. KENNEDY. You and Mr. LaRocca were there together; is that correct?

Mr. MANNARINO. I decline to answer the question.

Mr. KENNEDY. Could you tell—for what reason?

Mr. MANNARINO. On the grounds it may tend to incriminate me.

Mr. KENNEDY. Would you tell us what reason you came to Gary, Ind., in 1955, and registered at the hotel, and your bill was paid there by Mr. Pinelli? Would you tell us that?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. You were also at the Hotel Arlington in Binghamton, N.Y., at the time of the Apalachin meeting; is that right?

Mr. MANNARINO. I decline to answer the question.

Mr. KENNEDY. The three representatives from the Pittsburgh area at the Apalachin meeting were you, John LaRocca, and Michael Genovese; is that right?

Mr. MANNARINO. I decline to answer the question.

Mr. KENNEDY. Mr. Chairman, could I call Mr. Salinger to give the background?

Senator MUNDT. Mr. Salinger may take the stand.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Senator MUNDT. You have been previously sworn in connection with this hearing, have you not?

Mr. SALINGER. I have, sir.

Senator MUNDT. Very well, Mr. Counsel.

Mr. KENNEDY. Would you give the background we have on Mr. LaRocca, please?

Mr. SALINGER. Yes, sir.

Mr. LaRocca was born in Caltanissetta, Italy, in 1902. It might be of some interest to note, Mr. Kennedy, that three other principal figures in this investigation were born in the same city, Mr. Morgano, Mr. Pinelli, and Mrs. Josephine Melton, the girl friend of Mr. Pinelli. They were all born in the same city.

Mr. KENNEDY. The same city as Mr. LaRocca?

Mr. SALINGER. That is correct. Mr. LaRocca has an extensive criminal record. He was convicted in 1922 of assault with intent to kill, served 3 to 5 years in the Western Penitentiary in Pennsylvania.

In 1926 he was convicted of carrying concealed weapons and fined \$50. In 1939 he was convicted of running a lottery, put on 1 year's probation. In 1940 he was convicted of larceny of auto plates and fined \$100.

TESTIMONY OF JOHN SEBASTIAN LaROCCA, ACCOMPANIED BY  
COUNSEL, V. M. CASEY—Resumed

Mr. KENNEDY. Is it correct that you were born in Caltanissetta, Italy, Mr. LaRocca?

Mr. LaROCCA. I don't think so.

Mr. KENNEDY. Where were you born?

Mr. LaROCCA. According to what my dad said, I was born in Villa Rosa.

Mr. KENNEDY. Villa Rosa, Italy?

Mr. LaROCCA. Villa Rosa, yes. I don't know anything about the town or anything.

Mr. KENNEDY. Has it been stated before that you were born in Caltanissetta? Have you heard that before? Where is Villa Rosa?

Mr. LaROCCA. In Sicily, someplace.

Mr. KENNEDY. When did you come to the United States?

Mr. LaROCCA. Truthfully, I don't know. I would have to look. I would have to check, because I was a young boy.

Mr. KENNEDY. Four or five years old when you came to the United States?

Mr. LaROCCA. Well, I wouldn't exactly know.

Mr. KENNEDY. Where did you first settle when you came to the United States?

Mr. LaROCCA. In Indiana County, I think.

Mr. KENNEDY. In Indiana?

Mr. LaROCCA. No, in Pennsylvania.

Mr. KENNEDY. How long did you live there, then?

Mr. LaROCCA. I have lived up around there pretty near all my life.

Mr. KENNEDY. Did you go to school there?

Mr. LaROCCA. Yes, a little bit.

Mr. KENNEDY. What was your first job?

Mr. LaROCCA. Working in the coal mines.

Mr. KENNEDY. How long did you work there?

Mr. LaROCCA. I dug coal.

Mr. KENNEDY. How long did you dig coal?

Mr. LaROCCA. Well, I think about—I don't know; maybe from 14 to about 20 years old or something like that.

Mr. KENNEDY. What did you do after that?

Mr. LaROCCA. I refuse to answer the question on the ground it may tend to incriminate me.

Mr. KENNEDY. When you became 20 years old, what happened that you can't give the committee an answer as to what occupation you had?

Mr. LaROCCA. I decline to answer the question on the ground it may tend to incriminate me.

Senator MUNDT. Are you a naturalized citizen?

Mr. LaROCCA. No.

Senator MUNDT. You are not a citizen?

Senator CURTIS. Did you ever make application to become a citizen?

Mr. LaROCCA. Yes.

Senator CURTIS. When?

Mr. LaROCCA. I decline to answer the question on the ground it may tend to incriminate me.



Senator CURTIS. Was the application completed by you or was it turned down?

Mr. LARocca. I decline to answer the question on the ground it may tend to incriminate me.

Senator CURTIS. You haven't been incriminated since 1940, according to your record, have you? You haven't been arrested in the last 19 years, have you?

Mr. LARocca. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. That is all, Mr. Chairman.

Senator MUNDT. Mr. Salinger, if you have not already done so, the Chair would recommend that at this point in the record you insert, as soon as it can be made available from you, a report from the Department of Justice on this witness as to his citizenship status, as to why his application was rejected, if it was rejected, and as to why deportation proceedings have not been instigated against him, if they have not, and if they have, why they have not been implemented in view of the testimony.

I think if you will ask the Department of Justice for a complete report, it will be made available and we will insert it into the record at this point in conjunction with the questions asked by Senator Curtis.

#### TESTIMONY OF PIERRE E. G. SALINGER—Resumed

Mr. SALINGER. Senator, I have made inquiry into this matter, and I can place in the record at this time the information we have concerning him.

Senator MUNDT. We will have you put it into the record at this point, and you can summarize it.

Mr. SALINGER. Mr. LaRocca entered the United States in 1910. In 1953 the Department of Immigration started proceedings to deport him on the basis that he had been convicted of two felonies, two felonies involving moral turpitude, larceny and aggravated assault and battery.

They concluded their deportation hearing on November 10, 1954.

Mr. KENNEDY. When did it start?

Mr. SALINGER. The deportation proceedings were filed originally in January of 1953.

Mr. KENNEDY. That was based on two convictions involving moral turpitude?

Mr. SALINGER. That is right. Larceny and aggravated assault and battery.

Mr. KENNEDY. And they were trying to deport him at that time?

Mr. SALINGER. They were, sir.

Senator MUNDT. What was the date of the conviction?

Mr. SALINGER. The convictions involved in the deportation matter were 1922 and 1940, the first being the one I told you about, assault with intent to kill, in which he served 3 to 5 years in Western Penitentiary.

Senator MUNDT. What does the record show as to why it would take the Department of Justice from 1940 to 1953 to instigate deportation proceedings for a crime for which he was convicted in 1940?

Mr. SALINGER. That question I cannot answer, Senator.

Senator MUNDT. That is pretty slow motion, it seems to me, for any governmental agency.

Mr. SALINGER. To go on with this, Senator, the deportation proceedings came to a close on November 10, 1954. On December 27, 1954, Mr. LaRocca received a pardon from the Governor of Pennsylvania for the crime of larceny, which was predated to May 19, 1954, putting it in the period during which they were having the deportation hearings.

Mr. KENNEDY. What do you mean? The pardon that was granted by the Governor was predated?

Mr. SALINGER. It was mailed to him on December 27, 1954, which was after the close of the deportation hearings, but it bore the date of May 19, 1954, approximately 8 months earlier.

Mr. KENNEDY. So that invalidated the hearings of the Immigration and Naturalization Service?

Mr. SALINGER. As a result of that, the Immigration and Naturalization Service opened their hearings again on January 27, 1955, and terminated the proceedings for deportation against Mr. LaRocca.

Senator MUNDT. Terminated them because the Governor has pardoned him for the crime on which they were attempting to ship him overseas?

Mr. SALINGER. That is correct, sir.

Senator MUNDT. Did you get a pardon from the Governor of Pennsylvania, Mr. LaRocca?

Mr. LaROCCA. Yes, sir.

Senator MUNDT. What was his name?

Mr. LaROCCA. Governor Fine.

Senator MUNDT. He wrote a pardon and pardoned you in what year—1954?

Mr. LaROCCA. I don't know whatever year it was, but that is what happened.

Senator MUNDT. 1954 was the year?

Mr. SALINGER. The pardon was mailed to Mr. LaRocca December 27, 1954, and dated May 19, 1954.

Senator MUNDT. Where had it been all that 6 months?

Mr. SALINGER. That I cannot tell you, sir. But it is significant that it was mailed after the deportation proceedings had ended.

Senator MUNDT. I can see a pardon might be granted after the deportation proceedings might have ended, but I cannot understand how they would be backdated before the deportation proceedings began.

Mr. SALINGER. I do not know the answer to that, Senator. That is the fact.

Senator CURTIS. Where was he all that time?

Mr. SALINGER. In Pennsylvania.

Senator CURTIS. Had he completed his service?

Mr. SALINGER. Which service, Senator?

Senator CURTIS. For the offense for which he was pardoned?

Mr. SALINGER. On that offense, all he was fined was \$100. He didn't do any time on that offense.

Senator CURTIS. What was he pardoned for?

Mr. SALINGER. On the charge of larceny of auto plates, for which he was fined \$100. In other words, he had applied for a pardon, which

is something sometimes done by people after they have served a sentence or after the crime was written off the books.

Senator CURTIS. Was he ever pardoned for these other offenses?

Mr. SALINGER. In that regard, Senator, in 1958 Mr. LaRocca applied to the pardon board in Pennsylvania for a pardon on the charge of assault with intent to kill which he served 3 to 5 years, and the parole board at that time denied his pardon, said they were not going to pardon him.

Senator MUNDT. That was 1958?

Mr. SALINGER. Yes, sir.

Senator MUNDT. Last year?

Mr. SALINGER. Yes, sir.

Senator MUNDT. Did he serve any time in the penitentiary?

Mr. SALINGER. He was sentenced to 3 to 5 years in Western State Penitentiary of Pennsylvania. I do not have the record which indicates how long he served at that time.

Senator MUNDT. So that is still an outstanding offense?

Mr. SALINGER. It is, sir.

Senator MUNDT. And would come within about the same period of time. The crime was committed in 1920 or so and the deportation proceedings began in 1950.

Mr. SALINGER. The deportation proceedings started in 1953.

Senator MUNDT. And none have been started on this last offense, assault with intent to kill?

Mr. SALINGER. No.

Senator MUNDT. Or attempted assault?

Mr. SALINGER. There are no new deportation proceedings which have been started since this pardon was issued.

Senator MUNDT. How many convictions has the witness had altogether? Stealing automobile plates and one for assault with intent to kill, and what else?

Mr. SALINGER. Carrying concealed weapons and operating a lottery.

Senator MUNDT. He has been convicted on all of them?

Mr. SALINGER. Yes, sir.

Senator MUNDT. And one has been pardoned?

Mr. SALINGER. One has been pardoned; that is correct.

Senator MUNDT. The deportation proceedings dealt only with the stealing of automobile plates?

Mr. SALINGER. The assault with intent to kill was also included in that deportation.

Senator MUNDT. It was?

Mr. SALINGER. As I understand it, they need two crimes of moral turpitude to deport an alien from the United States, and by the pardon of this one crime, it removed one of the two crimes, even though there was one crime that they considered a moral turpitude.

Senator MUNDT. But both of them were originally included in the citation?

Mr. SALINGER. That is correct, sir.

Senator MUNDT. By knocking one out, you automatically knock out the other one?

Mr. SALINGER. That is right.

Senator MUNDT. All right; go ahead.

Mr. KENNEDY. The way it was handled, Mr. Salinger, was that one of the crimes was knocked out in December of what—195—

Mr. SALINGER. 1954.

Mr. KENNEDY. But predated to May 1954, with the result that the deportation action by the Federal Government, all of that activity and effort became invalidated; is that correct?

Mr. SALINGER. That is correct. The Immigration Department reopened its hearings on January 27, 1955.

Mr. KENNEDY. They had to start all over again?

Mr. SALINGER. Well, they opened the hearing again as a result of the pardon and had to terminate the proceedings as they no longer had what they considered the necessary grounds for deporting Mr. LaRocca.

Senator CURTIS. I would like to inquire who made the determination that carrying a concealed weapon was not a crime of moral turpitude, but stealing a license plate was.

Mr. SALINGER. I cannot answer that question, Senator.

Mr. KENNEDY. Maybe the witness can.

**TESTIMONY OF JOHN SEBASTIAN LaROCCA, ACCOMPANIED BY  
COUNSEL, V. M. CASEY—Resumed**

Mr. LaROCCA. I am not a lawyer, or a judge.

Mr. KENNEDY. Who represented you in the deportation proceedings?

Mr. LaROCCA. Charles J. Margiotti.

Mr. KENNEDY. Margiotti?

Mr. LaROCCA. That is right.

Mr. KENNEDY. Is he an attorney in Pittsburgh?

Mr. LaROCCA. He was.

Mr. KENNEDY. He is deceased?

Mr. LaROCCA. That is right.

Mr. KENNEDY. Was he the one that was attorney general for the State of Pennsylvania?

Mr. LaROCCA. Yes, sir.

Mr. KENNEDY. When was he attorney general for the State of Pennsylvania?

Mr. LaROCCA. I don't remember.

Mr. KENNEDY. Do you know when he was attorney general of the State of Pennsylvania?

Mr. SALINGER. During the term 1946 to 1950.

Mr. KENNEDY. Do you know why the Governor of Pennsylvania predated the pardon?

Mr. LaROCCA. I don't know anything.

Mr. KENNEDY. You don't know anything?

Mr. LaROCCA. I don't know that.

Mr. KENNEDY. Why did you attend the meeting in Apalachin? Do you know that?

Mr. LaROCCA. I refuse to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Do you know what conversations were held with the Governor of Pennsylvania as to why they should give you a pardon in December of 1954, predated to May?

Mr. LaROCCA. Certainly not.

Mr. KENNEDY. You don't know?

Mr. LaROCCA. I don't know nothing.

Mr. KENNEDY. Did your lawyer ever explain that to you as to how he was able to do that?

Mr. LaROCCA. No, sir.

Mr. KENNEDY. Did he tell you he was able——

Mr. LaROCCA. I decline——

Mr. KENNEDY. Did he tell you he was able to save you from deportation because he was able to do that?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Very interesting, though. You will agree on that, won't you, Mr. LaRocca, as to how this happened?

Mr. LaROCCA. I decline to answer the question on the same ground.

Senator MUNDT. Have you applied for naturalization papers or citizenship papers——

Mr. LaROCCA. I decline to answer the question on the same grounds.

Senator MUNDT. Wait until I finish——since you received your pardon?

Mr. LaROCCA. Yes.

Senator MUNDT. Have they been acted upon, either favorably or unfavorably?

Mr. LaROCCA. Not yet.

Senator MUNDT. Would you tell us about when you made the application?

Mr. LaROCCA. I don't remember.

Senator MUNDT. Was it within a year or 2 years? I would have to be since 1954 sometime, would it not?

Mr. LaROCCA. I don't remember what year.

Senator MUNDT. You were pardoned, you said, in 1954?

Mr. LaROCCA. Well, I don't remember what year I was pardoned, but I was pardoned.

Senator MUNDT. You don't remember what year you applied for citizenship?

Mr. LaROCCA. No; I exactly don't.

Senator MUNDT. Aren't you enough interested in being a citizen so that you would kind of want to pursue it and try to get a favorable report, if you can?

Mr. LaROCCA. I want to be a citizen as much as I want to live.

Senator MUNDT. All right, then. I would think you would be interested in following through. You should——

Mr. LaROCCA. Well, I mean I just don't remember the year. But I think your investigator should know it. You have it there.

Senator MUNDT. Well, I will find out.

Do you know, Mr. Salinger?

Mr. SALINGER. We have a record that Mr. LaRocca filed a petition for naturalization in 1950, but I do not have a record of any subsequent filing.

Senator MUNDT. Did you just file one time, in 1950? That is what he said. You heard him. You were pardoned in 1954. You would have a much better chance to be a citizen after you had been pardoned than you were when you had a lot of things hanging over your head. If you want to be a citizen, as you say, more than anything in the world, let's find out.

Mr. LA RocCA. Well, they haven't called me.

Senator MUNDT. They are not out recruiting citizens.

Mr. LA RocCA. I know. But after you file, they call you when it is time, and they haven't called me.

Senator MUNDT. So you just filed once, back in 1950, 9 years ago, and not since then. You are not really pursuing it very hard.

Senator CURTIS. How old are you now?

Mr. LA RocCA. Fifty-six.

Senator CURTIS. You have always lived in this same area?

Mr. LA RocCA. Yes, sir.

Senator CURTIS. Do you know any union leaders?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Would that incriminate you? That is, the mere fact that you knew some union leaders, would that incriminate you?

Mr. LA RocCA. I decline to answer the question.

Senator CURTIS. Have you been engaged in any labor-management activities?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Have you represented employers in dealing with unions?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Have you represented unions in dealing with employers?

Mr. LA RocCA. I decline to answer the question on the same grounds.

Senator CURTIS. You are head of a cement block company?

Mr. LA RocCA. I decline to answer the question on the same grounds.

Senator CURTIS. I think you said at first—

Senator MUNDT. I thought you said when I first asked you your occupation—

Mr. LA RocCA. That is right. I am president of the North Star Cement Block Co.

Senator CURTIS. Is that your principal business?

Mr. LA RocCA. That is right.

Senator CURTIS. What other business do you have?

Mr. LA RocCA. I decline to answer the question on the same ground.

Senator CURTIS. Is that your principal income?

Mr. LA RocCA. Yes, sir.

Senator CURTIS. What other income do you have?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Do you remember who your character witnesses were on your application for citizenship?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. It looks like you got the wrong people on there then.

That is all.

Senator MUNDT. Counsel, you may proceed.

Mr. KENNEDY. As a matter of fact, you have been very close to Mr. Nicholas Stirone, who is head of the Hod Carriers Union in Pittsburgh, Pa.; is that correct?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. He has been recently convicted of labor racketeering; has he not?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. Tell what other information we have.

Mr. SALINGER. Our interest in Mr. LaRocca stems from several investigations where he came into the investigation. One, of course, was the investigation of Gary, Ind., where we found Mr. LaRocca in contact with Mr. Pinelli, not only in Gary, Ind., where he registered at the Hotel Gary and had his bill paid for by Mr. Pinelli, but we also found him in Serra Madre, Calif., visiting the home of Mr. Pinelli on the west coast, at that time in company with Mr. Frank DeSimone, an attorney at the Apalachin meeting, and Salvatore Marino, owner of the California Cheese Co. at San Jose.

We are also interested in Mr. LaRocca because of his visit to the Apalachin meeting, and also as to his activities in the laundry and overall industry in Detroit, Mich. There we found certain hoodlum-dominated companies had succeeded in driving out competition, and we found that the proprietors of these companies were in contact with Mr. LaRocca and his associates in the Pittsburgh area.

Mr. KENNEDY. Who were these individuals?

Mr. SALINGER. The individuals I referred to are Anthony Zerilli and Jack Tocco.

Mr. KENNEDY. Do you know them, Mr. LaRocca?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. We have telephone calls from these individuals to Mr. LaRocca in Pittsburgh?

Mr. SALINGER. Yes, sir. Just to give background, they are the owners of the Melrose Linen Co., in Detroit, Mich., and also the owners of the Hazel Park Racetrack in Michigan, which was recently acquired in connection with the Wheeling Downs Racetrack in Wheeling, W. Va.

The area of Wheeling, W. Va., is the area where Mr. LaRocca is reputed to have considerable influence in underworld circles.

On November 7, 1957, he was in the Wheeling Hotel in Wheeling and placed a call to the Red Eagle Club in Pittsburgh, Pa. He also placed a call to that club on October 19, 1957, and Mr. Tocco placed a call to that club on November 8, 1957. A report of the Pittsburgh Police Department lists the Red Eagle Club as the hang-out for what they described as the "elite" of gangdom in Pittsburgh, and among those they name as being present there occasionally is Mr. LaRocca.

We then have a call from the Melrose Linen Co. in Detroit to a phone number in Pittsburgh, Museum 1-0303. This is the telephone number of the Coin Machine Distributing Co., of Pittsburgh, for which Mr. LaRocca is the representative in Pittsburgh.

Mr. KENNEDY. Would you tell us about that call?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Did you receive the other calls from these gentlemen?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. SALINGER. We also find the Melrose Linen Co. placing calls to the Red Eagle Club, as well as the Melrose Linen Co. placing a call to Cherry 1-2221, which is listed in the name of "Archie Automatic Car Wash." This is a company owned by Michael Genovese, who shared a room with Mr. LaRocca in Binghamton, N.Y., at the time of the Apalachin meeting.

I have the toll tickets for those calls, Mr. Chairman, if you want to make them an exhibit.

Senator MUNDT. They will be made exhibit No. 18.

(Toll tickets referred to were marked "Exhibit No. 18" for reference and may be found in the files of the select committee.)

Mr. SALINGER. Besides the company which Mr. LaRocca has identified himself owning, he also has interest in the Coin Machine Distributing Co., of Pittsburgh, Pa. At the time he was picked up in Los Angeles, at the time of leaving Mr. Pinelli's house, he had a card on him which listed him as the president of the Kooler Keg Co., of Pittsburgh, Pa.

Mr. KENNEDY. How do you spell that?

Mr. SALINGER. K-o-o-l-e-r K-e-g.

According to the authorities in the Pittsburgh area, Mr. LaRocca in the past has had considerable influence in the operation of numbers and other illicit activities in the Pittsburgh area.

Mr. KENNEDY. You are president of the Kooler Keg Co.?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. And he is a known associate of Mr. Stirone?

Mr. SALINGER. Yes, sir.

Mr. KENNEDY. And the information I asked about in connection with the meeting at Apalachin as to the time of his arrival and time of his departure, is that information correct, according to our records?

Mr. SALINGER. According to our information that information as you read it in asking the witness is correct.

Mr. KENNEDY. Do you have the documents in connection with that?

Mr. SALINGER. I do not have them here.

Mr. KENNEDY. But we have verified that from the registration at the hotel and from the airline tickets; is that correct?

Mr. SALINGER. That is correct.

Mr. KENNEDY. Would you tell us why you and Mr. Mannarino would go to Gary? Would you give us any information about that?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Did you have anything to do with Mr. Pinelli's jukebox operation in that city?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Did you have anything to do with his gambling operations?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Mr. Mannarino, where were you born? Would you tell us that?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.



Mr. KENNEDY. Just one other question, Mr. LaRocca.

After the meeting at Apalachin, we were looking for you for most of 1958. Would you tell us where you were at that time?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Actually, you disappeared from your city for about 14 months, did you not?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. Is it correct that you went down to Mexico during that period of time?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Mr. KENNEDY. It is true that you were hiding down there, is it not?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Senator MUNDT. If you could answer "No" to that, that might help your passport position. That sounds kind of bad. I will help you out, if you want to be a citizen so badly.

If you can say, "No, I never was illegally in Mexico and returned," you have it in the record, and that might help you get the passport that you want, and get your citizenship. I will give you another chance, if you want.

Mr. LaROCCA. Can I see my lawyer?

Senator MUNDT. You may.

(The witness conferred with his counsel.)

Mr. LaROCCA. I was not.

Senator MUNDT. You have to say more than "I was not."

Mr. LaROCCA. I was not in Mexico.

Senator MUNDT. You never have been in Mexico?

Mr. LaROCCA. Never.

Mr. KENNEDY. Where were you?

Mr. LaROCCA. In the United States.

Mr. KENNEDY. Whereabouts?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, I think we should find that out. If he wasn't in Mexico, at least find out where he was.

Senator MUNDT. What is the year involved?

Mr. KENNEDY. 1958.

Senator MUNDT. That is last year. If you were not in the Mexico, were you in the United States throughout 1958?

Mr. LaROCCA. I told you that I was in the United States.

Senator MUNDT. Were you in Pennsylvania?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. Any particular day or time?

Mr. KENNEDY. This is the situation, Mr. Chairman. This witness says that he wants to become a citizen of the United States more than anything. He has this background of some four convictions. He is recognized by the police department in the city of Pittsburgh as a leader of the underworld there. He attended the meeting at Apalachin. He was able to escape from being detected at that time.

We have been looking for him, and other State authorities and Federal authorities were looking for him, for a period of approximately 14 months. The information that we received was that he had fled the United States and gone to Mexico. He has now denied that.

We would like to find out where he was after the meeting at Apalachin. This is for the whole period of 1958.

Senator MUNDT. Do you recall about when the Apalachin meeting was?

Mr. KENNEDY. November of 1957.

Senator MUNDT. Where were you in December of 1957?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. Where were you in November of 1957?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. With the permission of the committee, the Chair orders and directs you to tell the committee where you were in November of 1957 and where you were in December of 1957, because you have partially answered the question by saying you were in the United States, you did not go to Mexico, you did not leave the country.

Therefore, having waived your immunity in that area, the Chair thinks you should answer the question as to where you actually were.

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

(At this point Senator McClellan entered the hearing room.)

Senator CURTIS. I would like to help a little bit on this naturalization matter, give you a chance to clear up the record here and become a citizen.

Were you at Apalachin?

Mr. LaROCCA. I decline to answer the question on the same grounds.

Senator CURTIS. You are missing a great opportunity here to show good character.

Senator MUNDT. Mr. LaRocca, I think Senator Curtis is correct. I think we have helped your naturalization procedure by clearing the record of the charge that you were in Mexico. You are alert. You are an adult. You know the significance of this Apalachin meeting.

It was a great gathering of hoodlums. Your name has been attached to the meeting. If you were there, of course, you haven't got a Chinaman's chance of becoming a citizen of the United States. But if you were not there, and will swear under oath you were not there, you have taken another great big step in becoming a citizen of the United States. Now, would you like to talk to your lawyer?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. What did you say? You decline to answer?

Mr. LaROCCA. That is right.

Senator MUNDT. Would you like to consult with your lawyer on that one?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. You are slipping back toward Sicily. You are not going to get that naturalization paper. You don't want to answer? You don't want to talk to your lawyer? You just want to let that blot stand there as a barrier to becoming a citizen?

Mr. LaROCCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. It was said here in the record that you were regarded by the police as being the head of the underworld in the Pittsburgh area. I think the Immigration and Naturalization Service officers, the court, would like to know whether or not that is true. Is it?

The CHAIRMAN. Has this witness ever applied for American citizenship?

Senator CURTIS. He has it pending now.

The CHAIRMAN. He has it pending now?

Senator CURTIS. Yes.

The CHAIRMAN. Are you loyal to the United States of America?

Mr. LA RocCA. Yes, sir.

The CHAIRMAN. Are you proposing to abide by its laws?

Mr. LA RocCA. Yes, sir.

The CHAIRMAN. If you become a citizen of the United States, will you faithfully conform to the laws of the United States and be obedient to them?

Mr. LA RocCA. Yes.

The CHAIRMAN. Will you now be obedient by answering questions here and show your disposition and willingness to cooperate with your Government?

Mr. LA RocCA. I decline to answer that question on the grounds it may tend to incriminate me.

The CHAIRMAN. That is a refusal. You are refusing now to cooperate with the Government that you say you would be faithful to, aren't you? Have you any other explanation for it?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

The CHAIRMAN. You don't have to answer it. You know now you are being unfaithful to the very Government you profess you want to be a citizen of by not cooperating with one of its instrumentalities, its committee investigating conditions about which it wants to consider legislation.

Is that the kind of a citizen you propose to be? Have you any answer to that?

I don't think you have. Proceed.

Senator CURTIS. I would like to know whether or not you are the head of the underworld in the Pittsburgh area. Are you?

Mr. LA RocCA. I decline to answer the question on the grounds it may tend to incriminate me.

Senator CURTIS. Your answer to that would incriminate you; is that your belief?

Mr. LA RocCA. I decline to answer the question on the same grounds.

Senator CURTIS. There are only two answers to it; one is yes and one is no. I don't think the answer no is a difficult explanation.

Mr. LA RocCA. I decline to answer the question.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator, I suggest that a transcript of this testimony be immediately presented to the Immigration and Naturalization Service authorities, and also that a copy of it be filed with the clerk of the court where his application is pending.

Senator MUNDT. The Chair believes that is a splendid suggestion. With the approval of the committee, it will be promptly implemented.

Are there any other questions?

Mr. KENNEDY. Would you give the background of Mr. Mannarino?

Senator MUNDT. Mr. Salinger, you may give the background of Mr. Mannarino.

Mr. SALINGER. Mr. Mannarino also attended the meeting at Apalachin. He is, of course, of interest to us because of his visit to Gary, Ind., where he stayed at the Hotel Gary on July 28, 1955, and his bill was paid there by Mr. Pinelli.

Mr. Mannarino has associates, two labor union officials: Mr. Joe Sonken, who is a notorious Chicago figure who received a charter to run the Hod Carriers Union in Miami, Fla.; and Mr. Nicholas Stirone, a Hod Carrier official in Pittsburgh, Pa., who has recently been convicted of labor racketeering.

Mr. KENNEDY. Mr. Stirone no longer has a charter?

Mr. SALINGER. That is correct.

Mr. KENNEDY. When did he have the charter; what period?

Mr. SALINGER. 1954.

Mr. KENNEDY. For about a year?

Mr. SALINGER. For about a year he held that charter. Mr. Mannarino has been arrested six times and convicted twice, gambling charges in 1933 and 1945. He and his brother, Sammy Mannarino, were part owners of the Sans Souci gambling casino in Havana, Cuba.

Mr. KENNEDY. From 1952 to approximately 1954?

Mr. SALINGER. Our information is that they ceased to have an interest in it around 1954.

Mr. KENNEDY. Is that correct?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. SALINGER. Their partners are purported to be Nick Delmore, a racketeer in the New Jersey area, and Sam Gold. According to the information we have, they sold their interest in Sans Souci to Mr. Santos Trafficante, Jr. He is a Tampa, Fla. racketeer who also attended the meeting at Apalachin.

Mr. Mannarino has been known—

Mr. KENNEDY. He is the one that the authorities in New York have been trying to locate in connection with the slaying of Albert Anastasia; is that right?

Mr. SALINGER. Mr. Trafficante; that is correct.

Mr. Mannarino is considered by authorities as a leading figure in the underworld in Westmoreland County, Pa., and an operator there of numbers, football pools, punchboards and horse betting parlors. He is, according to our information, with interest in the Kent Iron & Steel Co., as well as a number of clubs in the Westmoreland County area.

He also, after the Apalachin meeting, dropped from sight and was missing for some 14 months.

Mr. KENNEDY. At the Apalachin meeting, he was registered at the Hotel Arlington with John LaRocca; is that correct?

Mr. SALINGER. John LaRocca, Gabriel Mannarino, and Michael Genovese were all at the Hotel Arlington in Binghamton, N.Y.

Mr. KENNEDY. Would you tell us about that meeting?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, if there was ever a question about the syndicate operations or of the members of the crime group operating across State lines, these hearings of the last few days show clearly that they do. We have Pinelli coming from Sierra Madre, on the west coast, to Gary, Ind. We have these two individuals coming from Pittsburgh, Pa., and meeting in Gary, Ind., and we have the fact that they have contacts with leading gangsters and hoodlums around the United States.

Then in Lake County, Ind., we find the breakdown of law enforcement which started about this period of time, so that you have this vice, this gambling, and other forms of underworld activities in that area.

That is all.

Senator MUNDT. Mr. Mannarino, are you a citizen of the United States?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. Were you born in the United States?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. Do you have any information on that, Mr. Salinger?

Mr. SALINGER. What was the question, Senator?

Senator MUNDT. Is Mr. Mannarino a citizen, or was he born in this country, or do you have anything on his background?

Mr. SALINGER. I do not believe we have that, sir. I will check.

(At this point Senator Curtis left the hearing room.)

Senator MUNDT. The Chair has said many times in these hearings that the one certain way to break up this nationwide syndicate of crime is to find a way to start deporting the aliens who are so deeply involved in it. Part of the difficulty is the reluctance of the courts to act; part of the difficulty is technicalities in the law.

But I think that the Congress and the courts and the law enforcement officers of this country have a joint responsibility, rather badly neglected by all three elements, to throw the aliens out who are bringing this foreign type of crime to the shores of the United States.

If these hearings do nothing else, they should certainly tell the world and the public that all three phases of enforcement, the courts the enforcement officials, and the Congress, are fumbling the ball while crime grows worse and worse in this country because of it.

Mr. SALINGER. I have the information, Mr. Chairman.

Mr. Mannarino was, according to our information, born in New Kensington, Pa., where he now resides. He would, therefore, be a citizen.

Senator MUNDT. I will ask you the question again because the courts have held certainly and clearly that to deny citizenship of the United States if, in fact, you are a citizen, is not a question on which you can take the fifth amendment, but you can be held in contempt of Congress for not answering.

With that information, I will ask you again: Are you a citizen of the United States?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. With the permission of the committee, the Chair orders and directs you to answer the question specifically asked. Are you a citizen of the United States?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. The Chair believe that this testimony should clearly be sent to the Department of Justice, then, and that the staff should take the necessary steps to prepare contempt citations against this witness. Clearly, no court can hold that if a man is, indeed, a citizen, and is born a citizen, to deny citizenship in this great country cannot be held to be incriminatory if he admits that he is a citizen.

Senator McClellan?

First, Mr. Mannarino, do you honestly believe that an answer to the question of "Are you a citizen of the United States?" would incriminate you?

Mr. MANNARINO. I decline to answer the question on the grounds it may tend to incriminate me.

Senator MUNDT. I suggest, Mr. Salinger and Mr. Counsel, that we have our staff examine the records clearly to determine if, indeed, he was born in the United States. If he was, this witness must certainly be held in such clear contempt of the Congress of the United States that no court can deny that fact.

If a court of the United States starts holding that admission of citizenship in the United States is incriminatory, we are in a pretty sorry fix in this country.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator MUNDT. You are dismissed.

Mr. KENNEDY. Mr. Tony Gruttadauro.

Senator MUNDT. Will you be sworn?

Do you solemnly swear that the testimony you are about to give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GRUTTADAURO. I do.

### TESTIMONY OF ANTHONY GRUTTADAURO

Senator MUNDT. Give your name, your place of residence, and your occupation for the record.

Mr. GRUTTADAURO. My name is Anthony Gruttadauro. In reference to the other two parts of that question, Senator, I plead the fifth amendment. I refuse to answer on the grounds that my answer may tend to incriminate me.

Senator MUNDT. Do you mean you are not going to tell us where you live?

Mr. GRUTTADAURO. I refuse to answer that question on the ground that my answer may tend to incriminate me.

Senator MUNDT. And you refuse to tell us your occupation?

Mr. GRUTTADAURO. My answer is the same.

Senator MUNDT. Do you have counsel?

Mr. GRUTTADAURO. No.

Senator MUNDT. Do you desire counsel?

Mr. GRUTTADAURO. I don't believe I need counsel, sir.

Senator MUNDT. You are content, then, to answer without counsel?

Mr. GRUTTADAURO. Any question that may not tend to incriminate me.

Senator MUNDT. Mr. Counsel?

Mr. KENNEDY. Mr. Chairman, yesterday some question was raised about Mr. Pinelli being identified with prostitution in Lake County. When a witness takes the stand and refuses to answer questions, the staff tries to put in information which we have attempted, to the best of our ability, to verify. We can't vouch all the time for its accuracy, because the witnesses whom we are investigating often will not cooperate, will not make any records available.

Senator MUNDT. Witnesses have a perfect right to deny any charges made against them or any implications that appear. There they are; they are under oath. They talk before the same forum of public opinion that the committee members act.

The Chair has no sympathy with creatures hiding behind the fifth amendment who say that their "character" has been soiled by a question.

Mr. KENNEDY. I wanted to make it clear, though, that yesterday, although we identified Mr. Formusa as operating a house of prostitution and established that Mr. Pinelli came into Lake County at the same time Mr. Formusa was operating there, we did not, to my knowledge, identify Mr. Pinelli himself as operating a house of prostitution or being in partnership with a house of prostitution.

The same thing goes for this witness. I agree with you they have an opportunity to deny these matters before the committee, but I wanted to make it clear that we were completely fair about it and got it completely clear in the record.

Mr. Gruttadauro, you are a nephew of Mr. Anthony Pinelli; is that correct?

Mr. GRUTTADAURO. May I say something, please?

Senator MUNDT. Just a minute. Answer the question that has been asked, first.

Mr. GRUTTADAURO. May I please state something?

Senator MUNDT. Not until you answer the question you have been asked.

Mr. GRUTTADAURO. Ask me the question.

Mr. KENNEDY. You are a nephew of Mr. Pinelli?

Mr. GRUTTADAURO. I refuse to answer the question on the grounds that the answer may tend to incriminate me.

Senator MUNDT. You will not be allowed—

Mr. GRUTTADAURO. You referred to me as a creature hiding behind the fifth amendment. I am not a creature hiding behind the fifth amendment. I fought for this Constitution and I am taking my grounds to defend myself.

Senator MUNDT. The witness will be quiet.

Mr. GRUTTADAURO. Be quiet? I am not a creature hiding behind the fifth amendment.

Senator MUNDT. That will be determined by the course of the hearing.

Mr. GRUTTADAURO. By these insinuations and allegations?

Senator, I fought 5 years for this country. I have had broken bones, sweat, and shed blood to protect this Constitution, and I am going to use it.

Senator MUNDT. Are you going to hide behind the fifth amendment?

Mr. GRUTTADAURO. I am not hiding. I am using it to defend myself. These allegations, these insinuations, these reputed facts, they are all silly. If I think that the fifth amendment is going to protect me, I am going to use it.

Senator MUNDT. Counsel will ask the questions and we will find out whether or not you are going to answer. We will soon determine. The course of these hearings will indicate whether you are hiding behind it.

Mr. GRUTTADAURO. I am not a creature hiding behind it.

Senator MUNDT. And not any excited statements that you are making.

Proceed.

Mr. KENNEDY. Mr. Gruttadauro, will you tell us when the representative of our committee came to see you whether you pulled a gun on him at that time?

Mr. GRUTTADAURO. My answer may tend to incriminate me, and I decline to answer.

Mr. KENNEDY. I am sure of that. Isn't it correct that you did pull a gun on him?

Mr. GRUTTADAURO. My answer may tend to incriminate me, and I refuse to answer. If you was to ask your investigator the reason for pulling that gun, he might give you the answer.

Mr. KENNEDY. You give us the answer. You tell us why you had a gun in your possession.

Mr. GRUTTADAURO. Why I had a gun in my possession?

Mr. KENNEDY. Yes. Tell us.

Mr. GRUTTADAURO. I happened to be part owner of that property, and that man came to my house at midnight, giving me a phony telephone call and leaving me under the suspicion that I might be visited by somebody.

Mr. KENNEDY. Who did you think was going to visit you?

Mr. GRUTTADAURO. I don't know. I pulled a gun to protect myself against anything that I think might possibly be wrong.

Mr. KENNEDY. Did you think somebody was going to call you?

Mr. GRUTTADAURO. The investigator will tell you when he identified himself by name, I put the gun away and unloaded it in front of him, telling him he should thank the Lord I recognized him, or otherwise I would have killed him as an invader.

Mr. KENNEDY. Who did you expect was going to come to see you?

Mr. GRUTTADAURO. I don't know. At that hour of night, I don't know what to expect, giving me phony telephone calls, speaking in broken English. He ought to take elocution lessons. Maybe he can do better.

Mr. KENNEDY. Who called you?

Mr. GRUTTADAURO. Mr. McShane.

Mr. KENNEDY. What did he say?

Mr. GRUTTADAURO. He denied it. And his accent couldn't be denied.

Mr. KENNEDY. What happened? Relate to the committee what happened.

Mr. GRUTTADAURO. Relate to the committee what happened? He invaded my house.



Mr. KENNEDY. How did he invade your house?

Mr. GRUTTADAURO. By storming up the stairs when I pulled a gun on him to tell him to stop.

Mr. KENNEDY. Then what happened?

Mr. GRUTTADAURO. When he screamed his name out, "My name is McShane; don't shoot," I put it away and told him he should thank the Lord and go to church that I recognized his name and I didn't shoot. But I also unloaded that pistol in front of him and put it away.

Mr. KENNEDY. What kind of a pistol was it?

Mr. GRUTTADAURO. I don't know what kind of pistol it was. It was a gun.

Mr. KENNEDY. What kind of a gun do you have?

Mr. GRUTTADAURO. What kind of a pistol do I have?

Mr. KENNEDY. Yes.

Mr. GRUTTADAURO. I have a pistol in my house to protect my property.

Mr. KENNEDY. What kind of a pistol was it?

Mr. GRUTTADAURO. It was a pistol; a revolver.

Mr. KENNEDY. What kind?

Mr. GRUTTADAURO. How do I know? I don't look at the make.

Mr. KENNEDY. How long have you had the pistol?

Mr. GRUTTADAURO. I have no idea.

Mr. KENNEDY. Do you have a permit?

Mr. GRUTTADAURO. A permit to protect my property?

Mr. KENNEDY. Do you have a permit for the gun?

Mr. GRUTTADAURO. To protect my property?

Mr. KENNEDY. Do you have a permit for the gun?

Mr. GRUTTADAURO. I don't have a permit and I don't think in the State of Illinois you need a permit to protect your property.

Mr. KENNEDY. Where do you live?

Mr. GRUTTADAURO. I refuse to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. He came up to see you, did he; is that right?

Mr. GRUTTADAURO. That is right.

Mr. KENNEDY. And this is where you lived, was it? That is where he came to see you?

Mr. GRUTTADAURO. That is where he came.

Mr. KENNEDY. Where you live; is that right?

Mr. GRUTTADAURO. That is where he came to see me.

Mr. KENNEDY. That is in Illinois?

Mr. GRUTTADAURO. Yes.

Mr. KENNEDY. What do you do during the day? You stay there at night. What do you do during the day?

Mr. GRUTTADAURO. I refuse to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. What kind of work do you do?

Mr. GRUTTADAURO. I refuse to answer that question also, Counsel.

Mr. KENNEDY. Isn't it correct that you were brought down to run some of the bookie joints for your uncle, Anthony Pinelli?

Mr. GRUTTADAURO. I refuse to answer that question also, Senator, on the same grounds.

Mr. KENNEDY. What was the Midwest News Wire Service, for instance?

Mr. GRUTTADAURO. I refuse to answer that question also, on the same grounds.

Mr. KENNEDY. Have you broken any of the laws of the United States, Mr. Gruttadauro?

Mr. GRUTTADAURO. I refuse to answer that question on the same grounds.

Mr. KENNEDY. When you were fighting for 5 years, I suppose you were fighting also for the laws of the United States. Have you broken any of the laws?

Mr. GRUTTADAURO. I imagine I broke the law of humanity, trying to kill other people, protect my country, protect the ideals and the Constitution which I am now taking refuge behind to protect myself against self-incrimination.

Mr. KENNEDY. What about since you got out of the service? Have you broken any laws since then?

Mr. GRUTTADAURO. I refuse to answer on the same grounds.

Mr. KENNEDY. Have you shot at anybody with a gun since then?

Mr. GRUTTADAURO. I refuse to answer on the same grounds.

Mr. KENNEDY. Have you killed anybody since you got out of the service?

Mr. GRUTTADAURO. My answer is the same, sir.

Mr. KENNEDY. What is that?

Mr. GRUTTADAURO. I refuse to answer on the same grounds, that my answer may tend to incriminate me.

Mr. KENNEDY. I am sure of that, too, Mr. Gruttadauro.

Were you employed by the Midwest News? Wasn't that a horse-racing wire service in Chicago for a while?

Mr. GRUTTADAURO. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Then you were sent down by Mr. Pinelli, your uncle, to be the bagman for him in Lake County?

Mr. GRUTTADAURO. I don't understand that. What is a bagman?

Mr. KENNEDY. You don't know what a bagman is? What did you do in Lake County? You tell me.

Mr. GRUTTADAURO. What is a bagman? You asked me if I was a bagman. I asked you what was a bagman.

Mr. KENNEDY. You tell me what you did, and I will tell you what is a bagman.

Mr. GRUTTADAURO. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Did you go around and make collections for Anthony Pinelli in Lake County?

Mr. GRUTTADAURO. My answer is the same.

Mr. KENNEDY. What is that?

Mr. GRUTTADAURO. It might tend to incriminate me.

Mr. KENNEDY. Your answer might tend?

Mr. GRUTTADAURO. Might tend to incriminate me.

Mr. KENNEDY. You went around and made collections for him, did you, at various bookie joints?

Mr. GRUTTADAURO. I refuse to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Are you a runner for Pinelli?

Mr. GRUTTADAURO. What is a runner?

Mr. KENNEDY. You tell me what you did.

Mr. GRUTTADAURO. I refuse to answer the question. You are asking me certain things that I don't know the phraseology of. Would you please explain what you mean?

Mr. KENNEDY. Did you operate bookie joints in Lake County?

Mr. GRUTTADAURO. My answer may tend to incriminate me. I decline to answer that.

Mr. KENNEDY. Did you make any payments to any public officials in Lake County?

Mr. GRUTTADAURO. I decline to answer that on the grounds it may tend to incriminate me.

Mr. KENNEDY. Did your uncle make any payments to Mr. Holovachka for the operations in Lake County?

Mr. GRUTTADAURO. I decline to answer that question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Do you know Mr. Holovachka?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

Senator MUNDT. Did you make any payments to Mr. Holovachka?

Mr. GRUTTADAURO. I decline to answer that question, Senator, on the same grounds.

Mr. KENNEDY. Were you a partner in the Glen Park Hunting & Fishing Club in Gary, Ind.?

Mr. GRUTTADAURO. I didn't hear that.

Mr. KENNEDY. Were you a partner in the Glen Park Hunting & Fishing Club in Gary, Ind.?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds, sir.

Mr. KENNEDY. Weren't you a partner until the State police came in from outside the county and closed it down?

Mr. GRUTTADAURO. I decline to answer that question. The same grounds, sir.

Mr. KENNEDY. You reported income from it each year.

Mr. GRUTTADAURO. Is that a question or a statement?

Mr. KENNEDY. Would you explain that to us?

Mr. GRUTTADAURO. Would you repeat that, please?

Mr. KENNEDY. You reported income from it each year. Could you explain that to us?

Mr. GRUTTADAURO. I decline to answer on the same grounds.

Mr. KENNEDY. Did you know Johnny Formusa down there in Gary, Ind.?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds. My answer may tend to incriminate me.

Mr. KENNEDY. What dealings did you have with John Formusa?

Mr. GRUTTADAURO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Did you know about John Formusa running the house of prostitution in Lake County?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

Mr. KENNEDY. Did you clear any of your bookie operations with him, Mr. Gruttadauro?

Mr. GRUTTADAURO. I decline to answer that question, also, sir.

Mr. KENNEDY. When you went down into Lake County, Ind., did you bring the gun that you had in Illinois? Did you bring that down with you?

Mr. GRUTTADAURO. The only time in my life I carried a gun is when the Government authorized me to walk around with one. That pistol I own is for the protection of my property in my home.

Mr. KENNEDY. Did you ever take it outside your home?

Mr. GRUTTADAURO. Never.

Mr. KENNEDY. You never took it outside your home?

Mr. GRUTTADAURO. Never.

Mr. KENNEDY. How long have you had the pistol?

Mr. GRUTTADAURO. I decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Where did you get the pistol from?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

Mr. KENNEDY. Where did you buy the bullets for it?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

(At this point Senator Curtis entered the hearing room.)

Mr. KENNEDY. Would you tell us about the Century Distributing Co., in Gary, Ind.?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

Mr. KENNEDY. The Century Distributing Co. runs the jukeboxes, does it not?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds.

Mr. KENNEDY. Were you a go-between between Pinelli and the Century Distributing Co.?

Mr. GRUTTADAURO. Mr. Kennedy, are you insinuating or trying to insinuate that I am not old enough or capable enough to earn my own living, that I have to be an errand boy for people or anything? I don't understand your line of questioning.

Mr. KENNEDY. Well, are you an errand boy for Pinelli?

Mr. GRUTTADAURO. I am an errand boy for no man.

Mr. KENNEDY. What do you, then, for a living?

Mr. GRUTTADAURO. I decline to answer that question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Were you an errand boy for Mr. Pinelli in the Century Distributing Co.?

Mr. GRUTTADAURO. I decline to answer that question, also, Counsel.

Mr. KENNEDY. Mr. Pinelli would send you down from Chicago, to handle the paychecks; you would be sent down as an errand boy to the Century Distributing Co. in Gary, Ind. Is that correct?

Mr. GRUTTADAURO. I decline to answer that question, also, on the same grounds.

Mr. KENNEDY. Didn't you bring the checks down from Mr. Frank Heisler, in Chicago, who was Mr. Pinelli's accountant? Didn't you bring the checks down to Gary, Ind.? Wasn't that part of your service?

Mr. GRUTTADAURO. I decline to answer that question.

The CHAIRMAN. Were you just a kind of a flunky for that syndicate? Is that what you mean?

Mr. GRATTADAURO. If you say so, I imagine so.

The CHAIRMAN. If I say so it is correct? Is that what you said?

Mr. GRATTADAURO. That isn't what I said. That is what you said.

The CHAIRMAN. What do you say?

Mr. GRATTADAURO. I refuse to answer on the grounds the answer may tend to incriminate me.

The CHAIRMAN. You won't deny it?

Mr. GRUTTADAURO. You are entitled to your opinion, as I am.

The CHAIRMAN. I have an opinion, but I asked you if you wanted to deny it.

Mr. GRUTTADAURO. I am taking refuge in the fifth amendment because it protects me like it protects everybody else.

The CHAIRMAN. I am giving you an opportunity, if you want to deny it. If you want to deny it, it is all right with me.

Mr. GRUTTADAURO. I am not denying your opinion; that is your opinion.

The CHAIRMAN. You don't want to answer the question?

Mr. GRUTTADAURO. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. If you wanted to answer, you wouldn't decline to answer, so you don't want to answer.

Mr. GRUTTADAURO. That is your opinion.

The CHAIRMAN. All right. It is in the record. If you want to make the record different, answer it. If you don't want to answer it, you don't want to answer it, and that is the record.

Proceed.

Mr. KENNEDY. You are very good on generalities, but when we get to the particulars, you can't answer any question. Isn't that it? When I ask you what you do for a living, you won't tell the committee that?

Mr. GRUTTADAURO. Are you making a statement or asking a question?

Mr. KENNEDY. I am asking what you do for a living.

Mr. GRUTTADAURO. I decline to answer on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Do you know George Cvitkovich?

Mr. GRUTTADAURO. I decline to answer that question, also, on the same grounds.

Mr. KENNEDY. We have an affidavit from him, Mr. Chairman.

Senator MUNDT. Do you want to read it?

Mr. KENNEDY. I would like to read a part of it.

Senator MUNDT. You may read excerpts from it. The entire affidavit will be placed in the record and marked "Exhibit No. 19."

(Affidavit referred to was marked "Exhibit No. 19" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. It reads as follows:

I, Mr. George Cvitkovich, who reside at 3924 Fern Street, East Chicago, Ind., freely and voluntarily make the following statement to LaVern J. Duffy, who has identified himself to me as a member of the staff of the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field.

No threats, force, or duress have been used to induce me to make this statement, nor have I received any promise of immunity from any consequences

which may result from submission of this statement to the aforementioned Senate select committee. From February 1957, to the fall of 1957, I was employed at the Glen Park Hunting and Fishing Club located at 22 East Ridge Road, Gary, Ind. This lodge was owned by Tony Pensato and Anthony Gruttadauro. The club had a racing wire service where the customers made bets on horses. My duties at the lodge included posting the results from horse races on a bulletin board. The lodge was closed down in the fall of 1957 by the city police of Gary, Ind.

Since the latter part of January 1958, I have been employed by the Century Distributing Co. located in Gary, Ind. I secured my position with this company from Anthony Gruttadauro, who is affiliated with Tony Pinelli. My duties with Century Distributing Co. included making collections on jukeboxes and changing records at the various locations.

Can you tell us anything about that?

Mr. GRUTTADAURO. I decline to answer the question on the grounds it may tend to incriminate me.

Mr. KENNEDY. Is it your brother that works for the Chicago Barbers Association?

Mr. GRUTTADAURO. The same answer. I decline to answer on the grounds it may tend to incriminate me.

Senator MUNDT. Do you know anybody living at 2205 Estes Street, Chicago, Ill.?

Mr. GRUTTADAURO. I decline to answer that question on the grounds it may tend to incriminate me.

Senator MUNDT. The kind of people living there are the type that would incriminate you, if you recognized that they lived there?

Mr. GRUTTADAURO. I decline to answer that question on the same grounds, Senator.

Senator MUNDT. We got that address someplace. I wondered what kind of folks lived here. I thought maybe they might be good Americans, you would be proud to know them. But you want the record to show that whoever lives at 2205 Estes Street are the type that if you admitted publicly you knew them you might incriminate yourself; is that right?

Mr. GRUTTADAURO. As for the people, I don't know. But for me to answer that question personally, my answer to that question may tend to incriminate me, and I decline to answer.

Senator MUNDT. Do you know who lives there?

Mr. GRUTTADAURO. I decline to answer on the grounds that my answer might tend to incriminate me.

Senator MUNDT. You could be right. I don't know who lives there.

Mr. GRUTTADAURO. I possibly might be right. They may tend to incriminate me. I don't know.

Senator MUNDT. It could be the wrong kind of people live there.

Mr. GRUTTADAURO. I didn't say that.

Senator MUNDT. But you implied to me.

Mr. GRUTTADAURO. I am not implying. I am making no implications. I am taking refuge in the fifth amendment for any question that I think may tend to incriminate me.

Senator MUNDT. You have that right, if you think recognizing the people who live there might tend to incriminate you, you may take recourse.

Mr. GRUTTADAURO. Thank you, Senator. I am glad you appreciate that fact that I have that right, because I fought for it.

Mr. KENNEDY. Were you also a partner of Tom Morgano and Tony Pinelli in the Stag Club in 1957, or did you just work for them there? Stag, Inc.?

Mr. GRUTTADAURO. I decline to answer that question. It may tend to incriminate me.

Mr. KENNEDY. Mr. Morgano has been identified as the individual who attempted to bribe the officer in Porter County for \$100,000, and stated that he was a representative of the Chicago Syndicate.

So you are involved with those individuals also, are you, Mr. Gruttadauro?

Mr. GRUTTADAURO. Are you asking me?

Mr. KENNEDY. Yes.

Mr. GRUTTADAURO. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator MUNDT. The witness may stand aside.

Mr. GRUTTADAURO. Thank you.

Senator MUNDT. Call the next witness.

Mr. KENNEDY. We expected to have Mr. Rocco Schiralli, Mr. Chairman. I understand that he still has not appeared. He is the comptroller in the city of Gary. He was interviewed by Mr. Duffy and myself out there. He stated that he would appear when the proceedings began, but about a week ago he took off, and we haven't been able to locate him since.

Senator MUNDT. He disappeared from Gary?

Mr. KENNEDY. Yes.

Senator MUNDT. Is Mr. Rocco Schiralli, the comptroller of the city of Gary, in the audience? If he is, come forward.

Mr. KENNEDY. He is the deputy comptroller.

Could I call his brother, Mr. Peter Schiralli?

Senator MUNDT. Mr. Peter Schiralli.

Be sworn, please.

Do you solemnly swear that the testimony you are about to give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHIRALLI. I do.

### TESTIMONY OF PETER M. SCHIRALLI

Senator MUNDT. Give your name, please, your place of residence, and your business or occupation.

Mr. SCHIRALLI. Peter Schiralli, 1900 West Eighth Street, Gary, Ind. I am a jukebox operator and a florist.

Senator MUNDT. Do you desire counsel, Mr. Schiralli?

Mr. SCHIRALLI. No, sir.

Senator MUNDT. You are prepared to testify without counsel?

Mr. SCHIRALLI. Yes, sir.

Senator MUNDT. All right, Mr. Kennedy, you may proceed.

Mr. KENNEDY. First, could you tell us where your brother is?

Mr. SCHIRALLI. No, sir. I don't know.

Mr. KENNEDY. He has just disappeared in the last week or so?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. As I said, we had arrangements for him to appear here before the committee.

You don't know where he has gone to?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Mr. Schiralli—

The CHAIRMAN. Mr. Counsel, may I inquire if a subpoena was served on him?

Mr. KENNEDY. As a public official we didn't serve him.

The CHAIRMAN. In other words, he agreed to appear?

Mr. KENNEDY. That is correct.

The CHAIRMAN. For that reason, no subpoena was served on him?

Mr. KENNEDY. That is correct.

The CHAIRMAN. When we try to be courteous and show some deference to people who are in positions of public trust, I think it is a pretty rotten reciprocation when they refuse to respond after having agreed to it. I want the record to show that that is the way we feel about it.

I direct now that a subpoena be issued for him immediately.

Mr. KENNEDY. The same situation is true of the justice of the peace, Slabowski.

The CHAIRMAN. He got hurt, didn't he?

Mr. KENNEDY. This is another one.

The CHAIRMAN. Issue a subpoena for him.

Public officials who refuse to cooperate should have subpoenas.

Did he agree to be present, the justice of the peace?

Mr. KENNEDY. Yes.

The CHAIRMAN. You sent a wire notifying when to appear?

Mr. KENNEDY. Yes.

The CHAIRMAN. When they don't show up and you can't find them, issue subpoenas for them.

Mr. KENNEDY. Mr. Schiralli, you had some interest, yourself, in the Century Distributing Co.; is that correct?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. How did you become interested in the Century Distributing Co.?

Mr. SCHIRALLI. I started working with Robert Doyle.

Mr. KENNEDY. Robert Doyle is the son of Jack Doyle?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. About whom we have had some testimony?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. What was he doing? You started working with him in connection with what?

Mr. SCHIRALLI. Making collections and helping him clean boxes, change records.

Mr. KENNEDY. That was a jukebox company of Mr. Robert Doyle's?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. How had you met Mr. Robert Doyle?

Mr. SCHIRALLI. I met him at the service station at Jackson's restaurant.

Mr. KENNEDY. That was at your brother's suggestion that you went to work with him?

Mr. SCHIRALLI. Yes.

Mr. KENNEDY. Mr. Rocco Schiralli's suggestion?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. How did you get from there into the Century Distributing Co.?



Mr. SCHIRALLI. After working with Robert Doyle, I worked with him approximately 2 months, then they asked me if I would want to be a partner in the Century Distributing Co.

Mr. KENNEDY. Did you put up any money then?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Did you talk it over with your brother?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. And your brother put up the money?

Mr. SCHIRALLI. He put up the money.

Mr. KENNEDY. And the stock was held in your name; is that correct?

Mr. SCHIRALLI. Part of it was in my name and part of it was in his name.

Mr. KENNEDY. Initially all the stock was in your name, was it not?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Initially, when you first went into the operation?

Mr. SCHIRALLI. No, sir. Part of it was in his name and part of it was in my name.

Senator MUNDT. Who do you mean by "his name"?

Mr. SCHIRALLI. My brother's name. Rocco.

Senator MUNDT. What year are we talking about?

Mr. SCHIRALLI. This is about 4 years ago.

Senator MUNDT. Roughly 4 years ago?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. Could I call Mr. Duffy? He has the records in connection with it, Mr. Schiralli. Maybe it will refresh your recollection.

Senator MUNDT. You have been sworn in these hearings?

Mr. DUFFY. Yes, sir.

#### TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. KENNEDY. Would you tell us what the records show as far as the Century Distributing Co. is concerned?

Mr. DUFFY. The Century Distributing Co. records show that Peter Schiralli is carried on the books as a 34-percent partner currently. During this period, Peter Schiralli was carried on the books; Rocco was not carried on the books.

Mr. KENNEDY. Let's go back to the formation of the company. When was the company formed?

Mr. DUFFY. The company was formed in August 1955.

Mr. KENNEDY. Who were the partners then?

Mr. DUFFY. The partners were Mr. Robert Doyle and Mr. Tony Pinelli.

Mr. KENNEDY. Robert Doyle and Tony Pinelli?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. It was a jukebox company; is that right?

Mr. DUFFY. That is correct.

Mr. KENNEDY. We have identified Mr. Robert Doyle. We have, of course, identified Anthony Pinelli. The ownership changed thereafter?

Mr. DUFFY. In August 1956 Peter Schiralli purchased  $5\frac{1}{3}$  shares of stock in his own name, not Rocco Schiralli—Peter Schiralli—for \$6,000.

Mr. KENNEDY. Where did that money come from, Mr. Schiralli?

Mr. SCHIRALLI. Rocco put that up.

Mr. KENNEDY. And that money was put up by Rocco Schiralli and the interest was in the name of Peter Schiralli?

Mr. DUFFY. That is right. We have a photostatic check from Rocco Schiralli made out to Century Distributing Co.

Mr. KENNEDY. What happened thereafter?

Mr. DUFFY. In December 1956, Jack Doyle had then been convicted for income tax evasion. Bobby Doyle got out of the company. The interest was sold then to the Schiralli brothers. At that time, Rocco purchased interest in the company for the first time, and was carried on the books.

Mr. KENNEDY. He was carried on the books for the first time?

Mr. DUFFY. Yes, sir.

Mr. KENNEDY. When was that?

Mr. DUFFY. December 1956.

Mr. KENNEDY. So evidently from 1955 to 1956, only your name appeared on the books.

Mr. SCHIRALLI. That must be right.

Mr. KENNEDY. How much was invested at that time?

Mr. DUFFY. \$8,500.

Mr. KENNEDY. Altogether?

Mr. DUFFY. That is right.

Mr. KENNEDY. How much interest is that?

Mr. DUFFY. 34 percent of the stock.

Mr. KENNEDY. In whose name?

Mr. DUFFY. It is all now in Mr. Peter Schiralli's name.

In July of last year, Mr. Schiralli became city deputy comptroller. At that time he transferred his stock back over to his brother.

Mr. KENNEDY. Have you placed any money in the company, you, yourself?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. So this stock that was purchased by Rocco Schiralli is now held in your name; is that correct?

Mr. SCHIRALLI. Yes.

Mr. KENNEDY. At the time that you and your brother became interested in the company, they had about 45 locations; is that correct?

Mr. SCHIRALLI. That is right.

Mr. KENNEDY. And now you have about 90 locations?

Mr. SCHIRALLI. About 90.

Mr. KENNEDY. And Mr. Rocco Schiralli stated to us, did he not, that he was brought into the company because of the fact that through his political influence it was felt he could get some locations?

Mr. DUFFY. He admitted that to us in Gary.

Mr. KENNEDY. He ran for political office?

Mr. DUFFY. He ran for mayor in 1955 and held the position of deputy city comptroller in 1952 and 1953. I believe those are the years. Is that right?

Mr. SCHIRALLI. I believe that is right.

Mr. KENNEDY. Who brings the checks down? Who handles the checks for the company?

Mr. SCHIRALLI. Nino does.

Mr. KENNEDY. Who is Nino?

Mr. SCHIRALLI. Tony.

Mr. KENNEDY. Tony Gruttadauro?

Mr. SCHIRALLI. Yes.

Mr. KENNEDY. You call him Nino?

Mr. SCHIRALLI. Yes.

The CHAIRMAN. Is that the witness who just testified?

Mr. SCHIRALLI. Pardon?

The CHAIRMAN. Is that the witness who just testified preceding you?

Mr. SCHIRALLI. Yes.

The CHAIRMAN. He is the one that delivers the money?

Mr. SCHIRALLI. He brings the checks down to me.

The CHAIRMAN. He brings the checks down?

Mr. SCHIRALLI. That is right.

Mr. KENNEDY. These are your salary checks?

Mr. SCHIRALLI. Salary checks and bills.

Mr. KENNEDY. And they are brought down from Chicago; is that correct?

Mr. SCHIRALLI. I believe they are.

Mr. KENNEDY. They come from Frank Heisler's office, the accountant?

Mr. SCHIRALLI. I believe they are.

Mr. KENNEDY. What about George Cvitkovich? How did he come to be hired?

Mr. SCHIRALLI. He was brought down to me at the office one morning.

Mr. KENNEDY. By whom?

Mr. SCHIRALLI. By Tony.

Mr. KENNEDY. Pinelli?

Mr. SCHIRALLI. No. Tony Gruttadauro.

And I was told he would help me with the collections and the operation.

Mr. KENNEDY. Did you know him under any other name?

Mr. SCHIRALLI. George Cory.

Mr. KENNEDY. Cory?

Mr. SCHIRALLI. Yes.

Mr. KENNEDY. What name was he introduced to you as?

Mr. SCHIRALLI. George Cory.

Mr. KENNEDY. Did you know his name was actually Cvitkovich?

Mr. SCHIRALLI. Not until later; no.

Mr. KENNEDY. Did you ever hear of the Lormar Record Co.?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. When did you hear about that?

Mr. SCHIRALLI. When Tony Pinelli told me to buy records there.

Mr. KENNEDY. Had you formerly obtained your records from some other source?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. Where had you obtained your records from?

Mr. SCHIRALLI. I believe we bought some from the Record Mart in Gary. I don't recall the other name.

Mr. KENNEDY. Now do you buy all your records from the Lormar Co.?

Mr. SCHIRALLI. We buy most of our records from Lormar.

Mr. KENNEDY. And that was at the suggestion of Anthony Pinelli?

Mr. SCHIRALLI. Yes, sir.

Mr. KENNEDY. Did you know Anthony Pinelli's background?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Do you know if your brother knew at the time he became his partner?

Mr. SCHIRALLI. I don't believe he did, sir.

Mr. KENNEDY. Did you know that Gruttadauro was operating handbooks in Gary and Lake County at the time?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. That is all.

Senator CURTIS. What kind of machines are these?

Mr. SCHIRALLI. Jukeboxes.

Senator CURTIS. Music boxes?

Mr. SCHIRALLI. Yes, sir.

Senator CURTIS. They are not gambling machines?

Mr. SCHIRALLI. No, sir.

Senator CURTIS. That is the only type of business you have been involved in?

Mr. SCHIRALLI. That is right, sir.

Senator CURTIS. You are to be commended here for testifying, particularly when it involves members of your own family, giving this committee information.

Mr. KENNEDY. I have just one other point.

You also were urged to use the AMI Co.; is that correct?

Mr. SCHIRALLI. Well, we started out with AMI Co.

Mr. KENNEDY. Did Mr. Pinelli ever speak to you about AMI?

Mr. SCHIRALLI. We started out from AMI Co. and kept buying from AMI.

Mr. KENNEDY. Did you know of Joey Glimco's interest in AMI at the time?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Did you know that the Lormar Distributing Co. is run by Chuck English and Giancana?

Mr. SCHIRALLI. I heard the name Chuck English.

Mr. KENNEDY. Did you know he was a notorious racketeer in Chicago?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Where did you hear the name Chuck English?

Mr. SCHIRALLI. I talked to him once, I believe, when we first bought records.

Mr. KENNEDY. Did you know they were making counterfeit records there?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. That is was a hoodlum-run company?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. You didn't know that?

Mr. SCHIRALLI. No, sir.

Mr. KENNEDY. Thank you very much.

Senator MUNDT. Are there any other questions?

Mr. KENNEDY. That is all.

Senator MUNDT. The Chair would like to express the appreciation of the committee to the gentleman for testifying. We have heard so many fifth-amendment Americans. It is encouraging to hear one who has the courage to talk.

Call the next witness.

Mr. KENNEDY. Mr. Harold Zeis and Major Blankenford, from the State police in Indiana.

Senator MUNDT. Do you solemnly swear that the testimony you are about to give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ZEIS. I do.

Mr. BLANKENFORD. I do.

### TESTIMONY OF HAROLD S. ZEIS AND PAUL BLANKENFORD

Senator MUNDT. The gentleman on my left, give your name, your residence, and occupation.

Mr. ZEIS. Harold S. Zeis, 3815 Ashborn Lane, Indianapolis. My position is superintendent of the Indiana State police.

Mr. BLANKENFORD. I am Maj. Paul Blankenford, of the Indiana State police, executive officer. I live at 3310 North Meridian, Indianapolis.

Senator MUNDT. I take it both of you gentlemen are willing to testify without counsel?

Mr. BLANKENFORD. Yes, sir.

Mr. ZEIS. Yes, sir.

Mr. KENNEDY. How long have you been with the State police?

Mr. ZEIS. January 14, 1957.

Mr. KENNEDY. What were you doing prior to that time?

Mr. ZEIS. Sheriff of Allen County, Ind., for four terms.

Mr. KENNEDY. You were what?

Mr. ZEIS. I was the sheriff of Allen County for four terms, and prior to that a deputy sheriff.

Mr. KENNEDY. How long have you been with the State police?

Mr. BLANKENFORD. I have been 22 years, sir, in the service.

Mr. KENNEDY. We have had this testimony in connection with Lake County, of which you gentlemen are aware.

Over the period of the past 6 or 8 years—perhaps you could testify to this better—have there been efforts made to try to clean up the situation in Lake County?

Mr. BLANKENFORD. Definitely; yes, sir.

Mr. KENNEDY. At the State level?

Mr. BLANKENFORD. State level; yes, sir.

Mr. KENNEDY. What has been the problem or difficulty?

Mr. BLANKENFORD. The problem up in Lake County is one of prosecution, as I would word it and summarize it. You have to have the cooperation of the prosecutor's office in order to prosecute people. This administration, as other administrations, we have had definite and specific orders to keep raiding in there, and all the enforcement measures that we could use.

Mr. KENNEDY. Has that been the worst county in Indiana?

Mr. BLANKENFORD. Yes, sir.

Mr. KENNEDY. There is no other county comparable to it as far as breakdown of law enforcement?

Mr. ZEIS. No, sir.

Mr. KENNEDY. This is the worst situation you have?

Mr. ZEIS. That is right.

Mr. BLANKENFORD. I would agree to that.

Mr. KENNEDY. Has it been a situation where you have had difficulty trying to move in there and take any steps because of the fact that the law enforcement itself, or the lack of prosecution?

Mr. BLANKENFORD. Lack of prosecution, I think that is the way to word it, Mr. Kennedy.

Mr. KENNEDY. There has been no cooperation, then, from the public prosecutor's office in Lake County?

Mr. BLANKENFORD. Passive acceptance, I think would be the word to use; just passive.

Mr. KENNEDY. But Mr. Holovachka or his office have not attempted to take any steps to clean up the situation themselves?

Mr. BLANKENFORD. That is right.

Mr. KENNEDY. And where you have gone in and exposed some of these situations, and revealed what is going on, and made arrests, there has been failure to prosecute in those cases, or passive prosecution?

Mr. BLANKENFORD. That is right. In other words, you would get a conviction and it would be a minimum fine, \$25 and costs, or something of that kind.

The CHAIRMAN. There was no real effort made by Holovachka, that prosecutor and his office, to stamp this evil out, to stop it?

Mr. BLANKENFORD. No, sir.

The CHAIRMAN. In other words, whenever you went out and brought somebody in, they gave them the minimum, gave their blessings and told them to go forth and continue. Is that right?

Mr. BLANKENFORD. That is right.

Mr. ZEIS. That is right.

Mr. KENNEDY. So this is also not only the public prosecutor's office, but also some of the justices of the peace in front of whom some of these people are brought?

Mr. BLANKENFORD. That is right.

Mr. KENNEDY. They just gave a \$25 fine and dismiss the case?

Mr. BLANKENFORD. That is it.

Mr. KENNEDY. Isn't it correct that on one occasion when you came in and made an arrest, while you were inside making the arrest, or the representative was inside making the arrest, the city police came along and pinched your car?

Mr. ZEIS. Yes, sir, a motorcycle officer ticketed one of our cars while we were making a raid on a bookie.

Mr. KENNEDY. So you have no cooperation at all?

Mr. ZEIS. That is right.

The CHAIRMAN. Do you mean a State police car with the identification on it?

Mr. ZEIS. It was a plain car, but it was right in the vicinity of where the officer was working. He knew where——

The CHAIRMAN. What I am trying to ascertain is did the fellow who ticketed the car know it was a State police car at the time?

Mr. ZEIS. Well, all of our men were right nearby and they certainly knew that. They certainly knew the men.

The CHAIRMAN. In other words, the atmosphere was charged with State police; is that right?

Mr. ZEIS. That is right.

Mr. BLANKENFORD. That is correct.

Senator MUNDT. Is the gambling and vice activity in Gary and Lake County so well concealed and cleverly disguised that you in your operations have difficulty finding the culprits and making the arrests?

Mr. BLANKENFORD. Yes. It is difficult. Like on policies and things, I would ad lib on that, the operation is clear out, third or fourth handed.

Senator MUNDT. How did you find the bookie that you say you were trying to raid?

Mr. ZEIS. We had men making surveillances of all of these places, bringing them in from other parts of the State, men who were not known in that particular district, and gather evidence.

Senator MUNDT. They were strangers in the community?

Mr. BLANKENFORD. That is right.

Mr. KENNEDY. Is it correct that Mr. Holovachka requires that all prosecutions should be handled through his office?

Mr. ZEIS. In the summer of 1957, they pretty much defied us or our legality of going in without going through his office to file affidavits. We had been going through a JP, a justice of the peace, to gather our search warrants.

Mr. KENNEDY. I didn't quite get that.

Mr. ZEIS. We had been going through a justice of the peace to get our search warrants, after we gathered the evidence. He came out pretty much in defiance of our legality of operating that way. He demanded that we go through his office to file all affidavits.

Mr. KENNEDY. That makes your operation, of course, almost completely impossible.

Mr. BLANKENFORD. That is right.

(At this point Senator McClellan withdrew from the hearing room.)

Mr. KENNEDY. In answer to Senator Mundt as to whether these operations are hidden, there certainly is no question at all but what these operations are taking place in Lake County, Ind.

Mr. BLANKENFORD. No, sir.

Mr. KENNEDY. If there was a vigorous law enforcement in Lake County, you could get these cleaned up.

Mr. BLANKENFORD. That is entirely correct.

Mr. KENNEDY. The added problem as far as your group is concerned is going in there and having to get a search warrant from Metro Holovachka, who has condoned all of these operations?

Mr. BLANKENFORD. That is true. That creates the problem.

Mr. KENNEDY. So any prosecution that must be handled must be handled by Mr. Holovachka. So they frown upon the fact that you come in there in the first place and certainly you will not get any help or assistance from the prosecutor's office.

Mr. BLANKENFORD. That is correct.

Mr. KENNEDY. So since it is known that this situation, a notorious situation, exists in Lake County, Ind., although it has been known for a number of years, this has presented the major problem as far as action being taken at the State level, not only by the present Governor but past Governors?

Mr. BLANKENFORD. That is true.

Mr. KENNEDY. It is not a partisan matter, but a question of Republicans and Democrats trying to take steps to deal with the situation.

Mr. BLANKENFORD. That is true.

Senator MUNDT. Does your office get many complaints from the good people of Gary, the church leaders, community leaders, school leaders, members of the chamber of commerce, and so forth, about conditions in Lake County?

Mr. ZEIS. Yes, sir. The letters are forwarded to our office. Many complaints.

Senator MUNDT. So presumably there is a considerable body of people in Gary who would like to clean this up?

Mr. ZEIS. Who would like to suppress it; yes.

Senator MUNDT. And who undoubtedly have reported these conditions to the local police officers first, and, not getting the necessary results, go to the State office?

Mr. ZEIS. We get the complaints; yes, sir.

Senator MUNDT. This is primarily a job of local enforcement.

Mr. BLANKENFORD. Local enforcement; yes.

Senator MUNDT. They come to you only when conditions get out of hand, and the indifference of local officials or ineptitude make the correction impossible?

Mr. BLANKENFORD. That is true.

Mr. KENNEDY. Did you receive a report in 1957 that some of these operations were being conducted by the syndicate out of Chicago? Did you receive a report in the State police, or any report in connection with that?

Mr. BLANKENFORD. Yes; in 1957 we did have a report that had a tone on it that the syndicate was involved.

Mr. KENNEDY. In back of some of these operations?

Mr. BLANKENFORD. Yes; that is right.

Mr. KENNEDY. That is all, Mr. Chairman.

Senator MUNDT. Thank you very much, and good luck to you in your job.

Mr. KENNEDY. Mr. Heisler.

Senator MUNDT. Mr. Heisler, come forward.

Be sworn, please.

Do you solemnly swear that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HEISLER. I do.

#### TESTIMONY OF FRANK J. HEISLER, ACCOMPANIED BY COUNSEL, LESLIE HALL

Senator MUNDT. State for the record your name, address, and present business or occupation.

Mr. HEISLER. My name is Frank J. Heisler. I live at 4725 Beacon Street, Chicago, Ill. I have an office at 4732 Lincoln Avenue.

As to my occupation: I would like to see the record corrected. I am not a certified public accountant, as stated yesterday. I don't like to adorn myself with feathers that are not due me. I am an accountant. I do work for various business concerns such as systematizing, serving their accounting system, filing their tax returns.



Senator MUNDT. In other words, you are a practicing accountant but not a CPA?

Mr. HEISLER. That is correct.

Senator MUNDT. Do you have counsel representing you?

Mr. HEISLER. I have counsel through my association, the National Society of Public Accountants, of which I am a member, Mr. Leslie Hall. I am also a charter member of the Independent Accountants Association of Illinois.

Senator MUNDT. Let me get this straight: You have counsel representing you, or is he representing the association?

Mr. HEISLER. The Washington office of the National Association of Public Accountants, of which I am a member, has been kind enough to refer me to Mr. Leslie Hall for counsel.

Senator MUNDT. The Washington office of this association has provided you with a counsel?

Mr. HEISLER. Has not provided me with one, but has referred me to Mr. Leslie Hall.

Senator MUNDT. They recommended the counsel to you?

Mr. HEISLER. That is right.

Senator MUNDT. But he does represent you?

Mr. HEISLER. That is right.

Senator MUNDT. Please give us your name.

Mr. HALL. Leslie Hall, attorney at law, Alexandria, Va.

Senator MUNDT. You represent the witness rather than the association?

Mr. HALL. Yes, sir.

Mr. KENNEDY. How long have you been an accountant?

Mr. HEISLER. How long?

Mr. KENNEDY. Yes.

Mr. HEISLER. For the last 48 years.

Mr. KENNEDY. And you practice in Chicago?

Mr. HEISLER. In Chicago, Ill.

Mr. KENNEDY. You are the accountant for Anthony Pinelli; is that correct?

Mr. HEISLER. Yes; that is correct.

Mr. KENNEDY. And Tom Morgano?

Mr. HEISLER. I represent Tom Morgano in only one enterprise. That is his pizza concession at the Ricochet Tavern in Indiana.

Mr. KENNEDY. The C. & B. Provision Co.?

Mr. HEISLER. I am the accountant for the C. & B. Provision Co. in Chicago.

Mr. KENNEDY. Who operates that?

Mr. HEISLER. The C. & B. Provision Co. is a copartnership consisting of William Condeux, Carlo Colianni, and James Allegretti.

Mr. KENNEDY. Who is James Allegretti?

Mr. HEISLER. James Allegretti is a Chicago resident.

Mr. KENNEDY. And a well-known syndicate hoodlum; is he not?

Mr. HEISLER. Well, according to the papers they apparently are.

Mr. KENNEDY. Joe Dote? Do you handle the work for Joe Dote?

Mr. HEISLER. How do you spell his name, please?

Mr. KENNEDY. D-o-t-e.

Mr. HEISLER. D-o-t-e?

Mr. KENNEDY. Yes.

Mr. HEISLER. He is a partner in Joe's Pizzeria-Tavern on 639 South Racine Avenue.

Mr. KENNEDY. Sam Siano?

Mr. HEISLER. Sam Siano is Joe Dote's partner.

Mr. KENNEDY. You handle work for him, too?

Mr. HEISLER. In the tavern, yes.

Mr. KENNEDY. Joe Dote was a business partner, financial partner, of Mr. Pinelli's, was he?

Mr. HEISLER. No.

Mr. KENNEDY. Did he loan some money to Mr. Pinelli?

Mr. HEISLER. I don't think he loaned money to Mr. Pinelli.

Mr. KENNEDY. To Pinelli's son?

Mr. HEISLER. That is more like it; yes.

Mr. KENNEDY. Did he or didn't he?

Mr. HEISLER. According to the checks—I can't answer truly because I haven't got the books, I never kept the books of the Hollywood Motel.

Mr. KENNEDY. You kept his books.

Mr. HEISLER. Whose books?

Mr. KENNEDY. You know from the records that you have, the records that we have reviewed, it shows that he made such a loan. You are aware of that.

Mr. HEISLER. Yes, it is testimony there was a check mentioned of a repayment of a loan. That is Mr. Dote's personal private affair. I kept books for a partnership, consisting of Sam Siano and Joseph Dote.

Mr. KENNEDY. Didn't the checks for that partnership come out of the tavern?

Mr. HEISLER. I don't know.

Mr. KENNEDY. Certainly the checks show that when they were repaid, they were deposited to the tavern, Joe's Town Tavern and Pizzeria.

Mr. HEISLER. Was it a deposit or cash?

Mr. KENNEDY. It is drawn to the order of Sam and Joe's Town Tavern and Pizzeria. It is endorsed "Pay to the order of National Bank, Sam and Joe's Town Tavern and Pizzeria."

Senator MUNDT. Perhaps if counsel lets the witness see the checks he can identify them.

Mr. KENNEDY. Anthony Gruttadauro; did you handle also financial transactions for him?

Mr. HEISLER. I handle his income tax returns.

Mr. KENNEDY. When we went to obtain the books and records of Anthony Pinelli from you, you stated you had none at that time; is that correct?

Mr. HEISLER. That is correct.

Mr. KENNEDY. Did you?

Mr. HEISLER. No, sir.

Mr. KENNEDY. Where were they at that time?

Mr. HEISLER. Mr. Pinelli had requested them before Mr. Duffy came to me, or Mr. Thiede.

Mr. KENNEDY. They had just gone and came back?

Mr. HEISLER. No. They were with Mr. Pinelli.

Mr. KENNEDY. Were they ever in your possession?

Mr. HEISLER. Yes.

Mr. KENNEDY. When he came back the second time, they were in the files?

Mr. HEISLER. Wait. There was only one folder which was in there for some reason I can't explain, which became mixed up with the Villa Pizza folder.

Mr. KENNEDY. That is Anthony Pinelli's file.

Mr. HEISLER. That is true, but I can't help because they were misfiled somewhere.

Mr. KENNEDY. Did Anthony Pinelli give you instructions that you weren't supposed to show this?

Mr. HEISLER. No. He gave no instructions.

Mr. KENNEDY. He never gave you any instructions?

Mr. HEISLER. No.

Mr. KENNEDY. Did your office receive instructions that you were supposed to show these records to us?

Mr. HEISLER. No, there were never any instructions.

Mr. KENNEDY. It was just that you had overlooked the file?

Mr. HEISLER. The file was overlooked because it was in a different place, in a different cabinet.

Mr. KENNEDY. But you never received instructions from Mr. Anthony Pinelli or anyone on his behalf not to show anybody this file?

Mr. HEISLER. No, sir.

Mr. KENNEDY. Would you examine this record?

Senator MUNDT. Who is Gerhard?

Mr. HEISLER. He is my son.

Senator MUNDT. Is he in the firm with you?

Mr. HEISLER. Yes, sir.

Senator MUNDT. We have here an office communication, intraoffice communication. It says, "To Gerhard," and it is dated January 9, 1959, 3:55 p.m.: "While you were out"—do you have a little pad like that in your office?

Mr. HEISLER. Yes.

Senator MUNDT (reading):

While you were out, Mr. Pinelli called to say that we shall never show his records to anybody, no matter what the party may say, unless he—underscored twice—

is present. I told everybody in the office already.

That wouldn't quite jibe with the testimony; would it?

Mr. HEISLER. I don't know about this memorandum. Is it addressed to me?

Senator MUNDT. You may examine it.

(The document was handed to the witness.)

Senator MUNDT. It is addressed to Gerhard, your son.

(The witness conferred with his counsel.)

Mr. HEISLER. Senator, I never saw this memorandum before.

Senator MUNDT. It is from the pad in your office, is it not?

Mr. HEISLER. It is.

Senator MUNDT. Do you recognize the handwriting?

Mr. HEISLER. Yes.

Senator MUNDT. Whose handwriting?

Mr. HEISLER. One of my assistants.

Senator MUNDT. One of your sisters?

Mr. HEISLER. One of my assistants.

Senator MUNDT. So your assistant undoubtedly gave that to Gerhard and he gave the instructions, but your testimony is that you knew nothing about it?

Mr. HEISLER. I knew nothing about it.

Senator MUNDT. You never heard of it?

Mr. HEISLER. No, sir.

Senator MUNDT. The memorandum which the witness has identified as being part of his office records will be accepted and made exhibit No. 20.

(Memorandum referred to was marked "Exhibit No. 20" for reference and will be found in the appendix on p. 18787.)

Senator CURTIS. Mr. Chairman, may I inquire?

Senator MUNDT. Senator Curtis.

Senator CURTIS. Were there other records in your office at one time other than this one folder?

Mr. HEISLER. Yes.

Senator CURTIS. So this one folder that you have testified was misfiled or misplaced, that did not constitute his complete records?

Mr. HEISLER. No, sir.

Senator CURTIS. How voluminous were his records? Many files?

Mr. HEISLER. I would say about one or two full office drawer files.

Senator CURTIS. One or two full drawers?

Mr. HEISLER. Yes.

Senator CURTIS. And when you were sought out by this committee, either in an interview or by subpoena, did you have the one or two office drawers of his files?

Mr. HEISLER. I did not have those files any more.

Senator CURTIS. Did you have them when you were contacted by this committee?

Mr. HEISLER. No; I did not have them then.

Senator CURTIS. He asked for them before that?

Mr. HEISLER. That is correct.

Senator CURTIS. Who did he send after them?

Mr. HEISLER. He came himself.

Senator CURTIS. Did he carry them out?

Mr. HEISLER. Yes.

Senator CURTIS. More than one trip?

Mr. HEISLER. No; I think it was all one trip.

Senator CURTIS. He was able to carry them in one trip?

Mr. HEISLER. Yes.

Senator CURTIS. He got them all except this one file that has been referred to?

Mr. HEISLER. That is correct.

Senator CURTIS. That is all, Mr. Chairman.

Mr. KENNEDY. Mr. Chairman, I would like to call a staff member to explain the situation and what we uncovered in connection with Mr. Heisler and the lack of cooperation that we had from Mr. Heisler.

Mr. DUFFY, please.

Senator MUNDT. You have been sworn in this hearing?

Mr. DUFFY. Yes, sir.

Senator MUNDT. Very well.

## TESTIMONY OF LaVERN J. DUFFY—Resumed

Mr. KENNEDY. Mr. Duffy, Mr. Thiede went in to serve a subpoena in the first instance; is that correct?

Mr. DUFFY. He did.

Mr. KENNEDY. What was the date of that?

Mr. DUFFY. February 19, 1959, when Mr. Thiede visited the office with a subpoena duces tecum for certain records.

Mr. KENNEDY. What happened?

Mr. DUFFY. The records requested were all working papers utilized in the preparation of tax returns, correspondence, ledger accounts, canceled checks, pertaining to Anthony Pinelli, Joseph D. and Andrew Gruttadauro, Rocco Schiralli, Pete Schiralli, Rocco Lucas, Century Distributing Co. of Gary, Ind., for the period January 1950 to the present.

When these records were requested, Mr. Heisler quickly stated he had none of these in his possession.

Mr. KENNEDY. Then you came back a second time?

Mr. DUFFY. Yes. On March 23, 1959, I made a personal visit to Mr. Heisler's office. I might say the reason I went back was because I found some correspondence in my files from the Century Distributing Co. bearing his name, so I thought he should have copies of these memorandums in his file which I did not find, and he said he did not have, so I wanted to question him on that.

I also had another subpoena with me. I wanted additional records relating to the C. & B. Provision Co., the meat purveyors in Chicago, run by the notorious hoodlum James Allegetti. At that time, when I went in there, he said the files were on one side of the room. I walked over and he said, "If you want to see anything about Mr. Pinelli's operations, they are over there in that file, the Villa Pizza, for example."

I went to this file and I found in the bottom drawer the complete working papers of Mr. Tony Pinelli that we had requested back in January.

Mr. KENNEDY. That we had subpoenaed?

Mr. DUFFY. That we had subpoenaed, that he had not furnished. I started picking up the folder and Mr. Heisler came over to me and grabbed the folder from my hand and said, "You are not supposed to see this."

Mr. KENNEDY. How do you explain that?

Mr. HEISLER. I did not say that. I had the Villa Pizza records at that particular time which were no more concern of Pinelli—

Mr. KENNEDY. We are talking about these records now. That is why he went in there.

Mr. HEISLER. I will lead to it, Counsel, if you will allow me to.

Mr. KENNEDY. We have a situation of an investigator going in there, your telling him that you didn't have the records subpoenaed, and another investigator going through there several months later in connection with another matter, going through the file and finding these records that we had subpoenaed originally.

Mr. HEISLER. I didn't know I had those records any more. They were in the wrong file. I can't help that. It is a mistake.

Mr. KENNEDY. Then, Mr. Duffy, when you found these records, he grabbed them from your hand, said you were not supposed to see them, and then we went through the records and found a note?

Mr. DUFFY. That is correct.

Mr. KENNEDY. And the note says that they are not to be shown to anyone?

Mr. DUFFY. Not to anyone under any circumstances.

Mr. KENNEDY. And that was in the file. The note says that everybody in the office was informed about it.

Mr. HEISLER. I didn't know about it at all.

Mr. KENNEDY. You say you didn't know about it?

Mr. HEISLER. I didn't know where that folder was.

Mr. KENNEDY. You say you didn't know that you were not supposed to show us these records?

Mr. HEISLER. No, sir.

Mr. KENNEDY. Is that correct?

Mr. HEISLER. That is correct.

Mr. KENNEDY. Yet we find this note in the file itself?

Mr. HEISLER. Mr. Duffy discovered them. I didn't discover them.

Mr. DUFFY. I would like to ask why he was so upset when we found the records, that we weren't supposed to see them.

Mr. HEISLER. Because you had asked for the Villa records. You hadn't asked for Pinelli's records.

Mr. KENNEDY. Mr. Heisler, some of these records of Mr. Pinelli show, for instance, entries for handbook. You knew, then, Mr. Pinelli was active in handbook?

Mr. HEISLER. Up to 1954 he was.

Mr. KENNEDY. And gambling operations?

Mr. HEISLER. That is a handbook.

Mr. KENNEDY. That is gambling.

Mr. HEISLER. That was 1954. I think handbooking is more of the activity of an insurance company or an underwriter. Gambling is the activity of the bettor.

Mr. KENNEDY. Did you think he was in the insurance business?

Mr. HEISLER. I didn't think so. But the handbook operation has some similarity with insurance, taking risks.

Mr. KENNEDY. You felt that he was in the insurance operation?

Mr. HEISLER. Not in the insurance operation, but he was taking risks of somebody else.

Mr. KENNEDY. But you knew he was involved in illegal activity, did you not?

Mr. HEISLER. If you call betting improper activity; yes.

Mr. KENNEDY. Well, it is illegal.

Mr. HEISLER. It is legal in Illinois and in Nevada.

Mr. KENNEDY. You knew he was operating in Indiana, did you not?

Mr. HEISLER. No, sir.

Mr. KENNEDY. It is legal to operate a handbook in Illinois?

Mr. HEISLER. It is not.

Mr. KENNEDY. Did you report that to the authorities?

Mr. HEISLER. No, sir.

Mr. KENNEDY. Well, it is a violation of the canon of ethics as an accountant. You don't have a canon of ethics?

Mr. HEISLER. Yes; we have. You take a bookmaker just by contrast, and, of course, he has to pay an income tax on what he makes.

Mr. KENNEDY. That is correct.

Mr. HEISLER. He is required to withhold from his employees taxes, he has to keep books for the preparation of his income tax return. So the man has to do that, whether it is legal or illegal.

Mr. KENNEDY. You are then participating in his illegal activities?

Mr. HEISLER. To the extent of helping him comply with the tax laws.

Mr. KENNEDY. I would like to have this identified, Mr. Chairman, if I may.

Senator MUNDT. I have in my hand a sheet called "Handbook disallowances for the years 1948, 1949, 1950, 1951, and 1952."

Is this part of the records of Mr. Heisler?

Mr. KENNEDY. Yes.

Senator MUNDT. I will pass this to the witness and ask if he identifies that as one of the worksheets from his office.

(The document was handed to the witness.)

Mr. HEISLER. Yes; that is my record.

Senator MUNDT. Those entries are in your handwriting, are they?

Mr. HEISLER. They are partially in my handwriting.

Senator MUNDT. The witness has identified the document. It will become exhibit No. 21.

(Papers referred to were marked "Exhibit No. 21" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Here we have a document that says—

Mr. HEISLER. Can I identify that piece of paper, the one that we just identified, what the purpose of it was?

Mr. KENNEDY. What?

Mr. HEISLER. What the purpose of the worksheet is or was.

Senator MUNDT. You want to make a statement about this?

Mr. HEISLER. Yes.

Senator MUNDT. Go ahead.

Mr. HEISLER. This is the result of the investigation of Mr. Pinelli from 1948 to 1953. He was checked by the special agents in regard to his income for those years. The special agents made a very thorough investigation about his net worth position, his activities, his investments, to tie it up with stating his income.

This investigation came to naught. It was then referred back to an audit revenue agent for ordinary, routine adjustments. At that time there was a decision by one court that disallowed rent and wages of a bookmaker in such States as betting or handbooking was illegal.

That is a computation of what the tax would have entailed had that decision not been set aside by the Supreme Court. The investigation was concluded in the ordinary revenue agent's office, with adjustments made. There was no negligence penalty invoked.

We have a full investigation for the following 3 years, on which we received the following letter: It is dated January 12, 1959, addressed to Mr. Anthony and Mrs. Madeline Pinelli, care of—

Mr. KENNEDY. Summarize the situation.

Mr. HEISLER. It is very short.

We have received the returns of 1954, 1955, and 1956. Our recent examination of your tax liability for the years indicated above discloses that no change is necessary—

Senator MUNDT. This sheet has to do with 1948, 1949—

Mr. HEISLER. Subsequent to that investigation we had another 3 years that we went through, subsequent to that. If you will allow me to, I would like to place this into the record.

Senator MUNDT. I don't see that it has any pertinency. It deals with altogether different years.

Mr. HEISLER. Can we place that photostatic copy of the Treasury Department letter in the record?

Senator MUNDT. If you have read it, it is in the record. But it has nothing to do with the sheet in my hand because it deals with a different set of years altogether.

Mr. HEISLER. Different years; yes.

Mr. KENNEDY. Then we have the April 2, 1958, letter to Anthony Pinelli:

The proposed assessments with penalty and interest would have amounted to a substantial figure, which I knew you would have objected to. This had to be submitted to Revenue Agent Stogler's superior, and I had hoped that a further adjustment would be allowed. At this point it appears that the Department is tired of the long-drawn-out affair and wants to dispose of it as soon as possible.

Why did you have to go to the revenue agent's superiors in connection with that?

Mr. HEISLER. I think the revenue agent should have made further concessions.

Mr. KENNEDY. He didn't do it, so you went to his superiors?

Mr. HEISLER. I didn't. I went to the intelligence man.

Mr. KENNEDY. Who were the superiors that you talked to?

Mr. HEISLER. I couldn't go to his superior. His superior had let me know that it was no change.

Mr. KENNEDY. Who was his superior?

Mr. HEISLER. I had requested the special agent.

Mr. KENNEDY. Who was the superior?

Mr. HEISLER. I don't know.

Mr. KENNEDY. You said he turned you down. Who was it?

Mr. HEISLER. This is a wrong phraseology, perhaps. We had a conference with Mr. Selinski, who was the special agent on the case.

Mr. KENNEDY. Who was the superior that you said you were going to talk to?

Mr. HEISLER. I didn't talk to his superior.

Mr. KENNEDY. You never talked to his superior?

Mr. HEISLER. No, sir.

Mr. KENNEDY. You just told me that the superior turned you down, so you went to the special agent.

Mr. HEISLER. He turned me down through Mr. Stogler.

Mr. KENNEDY. Who did you talk to when he turned you down?

Mr. HEISLER. He turned down the request which Mr. Stogler relayed for me.

Mr. KENNEDY. Who did he talk to?

Mr. HEISLER. To his superior.

Mr. KENNEDY. Who is he?

Mr. HEISLER. I don't know.

Mr. KENNEDY. Then that letter is not accurate?

Mr. HEISLER. It is not accurate; no.



Mr. KENNEDY. Here is another document: "Additional Tax Due to Adding \$20,000 to Income." What does that mean? Why were you adding \$20,000 to the income?

Mr. HEISLER. Each taxpayer has to estimate his income for the year on April 15 of each year, and has to——

Mr. KENNEDY. Then the next document. "Estimate of \$7,000 for Wager Profit." How did you get that figure?

Mr. HEISLER. Well, it is probably a figure that Mr. Pinelli mentioned to me.

Mr. KENNEDY. Was it a figure that he mentioned?

Mr. HEISLER. I would think so.

Mr. KENNEDY. Can we have these documents identified, Mr. Chairman?

Senator MUNDT. This document is headed "Anthony Pinelli, Additional Tax Deficiency Due to Disallowance for Rents and Wages on Handbook Operations, Correction of Partnership Income."

This is additional tax due on adding \$20,000 to income.

I will pass these to the witness and ask him to identify them as records from his office, if he can do so.

(The documents were handed to the witness.)

Senator MUNDT. Do you identify those as records from your office?

Mr. HEISLER. Yes, I do.

Senator MUNDT. In your own handwriting?

Mr. HEISLER. In my own handwriting.

Senator MUNDT. They will be made exhibits 22-A and 22-B.

(Documents referred to were marked "Exhibits 22-A and 22-B" for reference and may be found in the files of the select committee.)

Mr. HEISLER. One is in my assistant's handwriting, but that is all right.

Mr. KENNEDY. Did you handle the affairs of Mr. Giancana at all?

Mr. HEISLER. The affairs of who?

Mr. KENNEDY. Giancana, Mooney Giancana.

Mr. HEISLER. No.

Mr. KENNEDY. Tony Accardo?

Mr. HEISLER. No.

Mr. KENNEDY. I might call your attention to professional ethics of public accounting, page 49. It says:

Client in an illegal business. There is no specific rule of conduct which would apply to the question of whether an accountant auditing the books and preparing tax returns for illegal businesses would be considered an ethical practitioner, but in the opinion of the committee, it might bring the accountant into disciplinary proceedings under rule 4 of the conduct of the institute; and also might bring charges under title V of the institute which deal with acts discreditable to the profession.

This shows clearly that you knew that the operations of Mr. Pinelli and others were illegal.

Senator CURTIS. I would like to ask counsel for the witness something, if he is prepared to answer.

Do you know whether it is unlawful for an accountant to prepare a tax return where the income was derived in an unlawful manner, assuming that the tax return is regular?

Mr. HALL. In my opinion, it is not unlawful, Senator.

Senator CURTIS. I think there are some questions of public policy that are quite important. Certainly everybody should pay their taxes. The fact that it is ill-gotten gain should not make it tax exempt.

Mr. HALL. That is the way I understand it.

Senator CURTIS. Neither could you exempt a taxpayer on the ground that he personally couldn't make out his tax return. I am not excusing or approving or disapproving this witness. I don't know enough about it. But the question occurred in my mind both as to the law and the inference, whether or not an accountant, in his duties——

Mr. HALL. I don't know anything about the ethics of that particular profession. I think I do know something about the ethics of the legal profession. But as far as an accountant is concerned, I couldn't answer that.

Senator CURTIS. But there would be very definitely a line drawn between services preparing the tax return after the happening and a participation in setting up books for an unlawful operation?

Mr. HALL. I would think so; yes.

Mr. KENNEDY. This gentleman was keeping the books for some of these operations.

Senator CURTIS. That is all.

Mr. KENNEDY. That is all.

Senator MUNDT. The witness may step aside.

Call the next witness.

Mr. KENNEDY. Mr. Aliotta.

Senator MUNDT. Do you solemnly swear the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALIOTTA. I do.

#### TESTIMONY OF FRANK ALIOTTA, ACCOMPANIED BY COUNSEL, JOE BULGER

Senator MUNDT. State your name, address, and occupation for the record.

Mr. ALIOTTA. Frank Aliotta, 177 Michael John, Park Ridge, Ill.

Senator MUNDT. What is your occupation?

Mr. ALIOTTA. I am secretary-treasurer, Master Barbers Association, in Chicago.

Senator MUNDT. Are you accompanied by counsel of your own choosing?

Mr. ALIOTTA. Yes.

Senator MUNDT. All right. Do you care to identify him or let him identify himself?

Mr. ALIOTTA. Mr. Joe——

Senator MUNDT. Would you identify yourself?

Mr. BULGER. My name is Joe Bulger, of the Chicago bar, 188 West Randolph Street.

Mr. KENNEDY. You have been with the Master Barbers Association for how long?

Mr. ALIOTTA. About 14 years.

Mr. KENNEDY. You were a barber prior to that time?

Mr. ALIOTTA. Yes.

Mr. KENNEDY. For how long?

Mr. ALIOTTA. All my life, since I was 16.

Mr. KENNEDY. The what?

Mr. ALIOTTA. Since I was 16 years old.

Mr. KENNEDY. What is the purpose of the Master Barbers Association?

Mr. ALIOTTA. The Master Barbers Association is an organization to look after the interest of the shopowner, to negotiate contracts between the union and the master barbers, and to have good relationships among the members, to promote legislation which would be beneficial to the industry.

Mr. KENNEDY. Could you tell us—you have special investigators that have served for the Master Barbers Association, have you not?

Mr. ALIOTTA. Yes, we have.

Mr. KENNEDY. What do they do?

Mr. ALIOTTA. Their duty is whenever there is a complaint from a member—for instance, members complain that a journeyman is demanding more wages than due him, or he has took a day or 2 days off, and that there is a conflict between the shopowner and the journeyman. Therefore, someone is sent to try to make adjustments in the matter.

And again, it may be the case that some shopowner, perhaps because of jealousy, reports one of his neighbors of a certain violation. In order to maintain amity and good relationships among the members, somebody goes over there.

Mr. KENNEDY. These people keep peace and harmony in the industry, the special investigators?

Mr. ALIOTTA. Yes, sir.

Mr. KENNEDY. Keep peace and harmony in the barber industry in Chicago and the Chicago area?

Mr. ALIOTTA. Yes, sir.

Mr. KENNEDY. Do you know Anthony Pinelli?

Mr. ALIOTTA. I know the man about 30 years ago. I met him.

Mr. KENNEDY. You have known him for about 30 years?

Mr. ALIOTTA. I met him about 30 years. I have not seen him in the last 10 years.

Mr. KENNEDY. You have not?

Mr. ALIOTTA. No, I have not.

Mr. KENNEDY. He was president of a lodge; is that correct?

Mr. ALIOTTA. That is right.

Mr. KENNEDY. From 1930 to 1942?

Mr. ALIOTTA. That is right. He was president of a lodge and I was introduced to him occasionally.

Mr. KENNEDY. I would like to call a couple of witnesses to put in the names of these investigators.

Senator MUNDT. Stand and be sworn, please.

Do you solemnly swear that the testimony each of you is going to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHULTZ. I do.

Mr. GOTSCH. I do.

## TESTIMONY OF CARL M. SCHULTZ AND GERALD G. GOTSCH

Mr. KENNEDY. We will have to move along. We will see if we can't expedite this matter.

You both are from the General Accounting Office; is that correct?

Mr. SCHULTZ. Right.

Mr. GOTSCH. That is correct.

Mr. KENNEDY. You have been with the General Accounting Office for how long?

Mr. SCHULTZ. I am Carl Schultz, resident of Chicago, Ill. I have been with the General Accounting Office for 10 years, and with the committee from its inception.

Mr. GOTSCH. My name is Gerald Gotsch, resident of Chicago. I have been with the General Accounting Office for 3 years.

Mr. KENNEDY. You have been with the committee off and on since its inception?

Mr. GOTSCH. That is right.

Mr. KENNEDY. Have you made a study of those who worked for the Master Barbers Association as investigators?

Mr. SCHULTZ. We did, sir; yes.

Mr. KENNEDY. Have you found a number of them have criminal records and criminal associates?

Mr. SCHULTZ. A good number. Out of 11, 7 had criminal records.

Mr. KENNEDY. For instance, Mr. George Dicks. Was he a special investigator?

Mr. SCHULTZ. George Dicks was a special investigator and still is today.

Mr. KENNEDY. He was put on in 1955?

Mr. SCHULTZ. January 1, 1955; yes, sir.

Mr. KENNEDY. And he is still a special investigator?

Mr. SCHULTZ. That is true.

Mr. KENNEDY. How much money has he received?

Mr. SCHULTZ. Through the year of 1958, he was paid \$35,876.60.

Mr. KENNEDY. How many times has he been arrested?

Mr. SCHULTZ. From a very official source, we know that there were about 300 arrest tickets on him at one time, or in existence in the city of Chicago.

Mr. KENNEDY. I might say, Mr. Chairman, that is the record as far as this committee is concerned.

Senator MUNDT. 300?

Mr. SCHULTZ. That is right.

Senator MUNDT. What would be the nature of these arrests or tickets? Were they like traffic tickets?

Mr. SCHULTZ. Most of those are vagrancy tickets, which are not posted, but they are kept and maintained.

Mr. KENNEDY. But he has been convicted, for instance, of petty larceny, interstate theft of radios valued at \$5,400. Is that right?

Mr. SCHULTZ. That is right.

Mr. KENNEDY. How many convictions has he had?

Mr. SCHULTZ. He was sentenced to the Federal penitentiary for that offense and then prior to that, in 1936, he was sentenced to 1 year for petty larceny.

Mr. KENNEDY. So he has had two convictions of felonies?

Mr. SCHULTZ. That is true.

Mr. KENNEDY. He is a special investigator and received some \$35,-000; is that right?

Mr. SCHULTZ. That is true.

Mr. KENNEDY. He was involved or arrested in connection with Frank Zizzo?

Mr. SCHULTZ. Yes, he was.

Mr. KENNEDY. And Frank Zizzo was also a special investigator?

Mr. SCHULTZ. That is right. At the time of his arrest with Frank Zizzo, he gave his occupation to the police as that of a bartender and not that of being associated with the Barbers Association.

Mr. KENNEDY. Mr. Dicks also attended the funeral of Claude Maddox, did he not?

Mr. SCHULTZ. Yes, sir.

Mr. KENNEDY. And he has a reputation of a killer in the Chicago area?

Mr. GOTSCH. That is right, Mr. Kennedy.

Mr. KENNEDY. The worst possible reputation; is that correct?

Mr. GOTSCH. I would say so.

Mr. KENNEDY. Mr. Frank Zizzo, who appeared here and took the fifth amendment, was he also a special investigator for the Chicago Barbers Association?

Mr. GOTSCH. Yes, sir. He started on January 1, 1955.

Mr. KENNEDY. How much money did he receive?

Mr. GOTSCH. He had been paid through 1958, \$19,441.60.

Mr. KENNEDY. What is his background and reputation? He was brought in to conduct some of the operations for Anthony Pinelli in Lake County?

Mr. GOTSCH. That is correct.

Mr. KENNEDY. And he has been arrested a half dozen times?

Mr. GOTSCH. Right, sir.

Mr. KENNEDY. For gambling and fencing jewelry; is that right?

Mr. GOTSCH. That is right, sir. He was a fence in a jewel robbery.

Mr. KENNEDY. The arrests start in 1947 and go to 1955?

Mr. GOTSCH. That is right.

#### TESTIMONY OF FRANK ALIOTTA, ACCOMPANIED BY COUNSEL, JOE BULGER—Resumed

Senator CURTIS. Do you personally know all of these investigators?

Mr. ALIOTTA. What I heard today astounds me. It is all news to me.

Senator CURTIS. That isn't what I asked you. I say, do you personally know them?

Mr. ALIOTTA. Personally, no. They come once a week. They get in contact with the other business agent. They transact their business.

Senator CURTIS. But you know them?

Mr. ALIOTTA. Yes, just know them by talking to them.

Senator CURTIS. But you would know them if you saw them?

Mr. ALIOTTA. In other words, I do not associate with them.

Senator CURTIS. You would know them if you saw them?

Mr. ALIOTTA. I would know them if I saw them; yes.

Senator MUNDT. Did you employ them? Did you give them their jobs?

Mr. ALIOTTA. Somebody recommends them. They come before the board, they interview them. Somebody said, "Well, let's give him a chance. Let's see how the goes," and they get the job. But I don't know one thing.

Senator CURTIS. Who pays them?

Mr. ALIOTTA. The treasurer. The checks are made up by order of the board of directors when they are on the payroll.

Senator CURTIS. Are there any vouchers signed?

Mr. ALIOTTA. Checks.

Senator CURTIS. Do you sign those?

Mr. ALIOTTA. The checks? I sign the checks.

Senator CURTIS. You have been signing checks for these fellows?

Mr. ALIOTTA. Yes, yes. I don't know about this; what is going on.

Senator CURTIS. Who supervises his work?

Mr. ALIOTTA. Well, they call every Wednesday.

Senator CURTIS. Call who?

Mr. ALIOTTA. In other words, they call at the office every Wednesday.

Senator CURTIS. Your office?

Mr. ALIOTTA. Yes.

Senator CURTIS. Who do they talk to there?

Mr. ALIOTTA. They talk to the business agent, and whenever they need help to make an investigation they go together, and the following week they make the report. This fellow, I think, has been out of the organization for 5 years. He quit or something, I guess.

Mr. KENNEDY. Do you find they are able to bring peace in the organization?

Mr. ALIOTTA. So far I have no complaint. If there has been any complaints—may I ask if they have been arrested since they have been our employees? I would like to satisfy myself.

Senator CURTIS. What is the answer?

Mr. GOTSCH. Mr. Moretti, for example, has been. He was arrested as recently as this year.

Mr. KENNEDY. Have you ever had any trouble with the union?

Mr. ALIOTTA. No. We have been trying through the help of the Government to transact such agreement, conciliate and arbitrate our differences.

Mr. KENNEDY. And these people help you?

Mr. ALIOTTA. These people here? No; they are not members of the board of directors.

Mr. KENNEDY. But they help in any union problem?

Mr. ALIOTTA. Well, whatever there is, a dissension. They are trying to bring about harmony.

Mr. KENNEDY. You find that they are very good in bringing harmony in Chicago?

Mr. ALIOTTA. I find it so far or else they wouldn't be there. They would be discharged.

Mr. KENNEDY. They have been very effective in bringing harmony?

Mr. ALIOTTA. They have been doing good work or we would hear about it.

Mr. KENNEDY. Mr. Zizzo—has he been convicted on any of these charges?

Mr. GOTSCH. Yes, he was, Mr. Kennedy, and given probation.

Mr. KENNEDY. What was that?

Mr. GOTSCH. 1957.

Mr. KENNEDY. Fencing \$68,000 worth of jewelry?

Mr. GOTSCH. That is right.

Mr. KENNEDY. He has received \$19,000.

Then we have Sam Ventura?

Mr. GOTSCH. That is right, sir. He was employed between January 1, 1954, and December 31, 1955.

Mr. KENNEDY. How much money did he receive?

Mr. GOTSCH. He received \$8,878.80.

Mr. KENNEDY. And he had been arrested and convicted with Anthony Pinelli in connection with the illegal manufacture of whisky; is that right?

Mr. SCHULTZ. That is right.

Mr. KENNEDY. That was in 1942?

Mr. GOTSCH. Right, sir.

Mr. KENNEDY. And he has been associated with Anthony Pinelli down in Lake County, according to the testimony before our committee?

Mr. GOTSCH. That is right, sir.

Mr. KENNEDY. How about Peter Serio? Does he have a police record?

Mr. GOTSCH. Yes, sir; he does.

Mr. KENNEDY. How many times has he been arrested?

Mr. GOTSCH. It is quite numerous, sir.

Mr. SCHULTZ. At least six times.

Mr. KENNEDY. How many times has he been convicted?

Mr. SCHULTZ. He was fined \$50 and costs in 1923. Then in 1933 he was held by the U.S. marshal, and 1941 he was sentenced to the Federal Penitentiary at Terre Haute, Ind., for a bootlegging charge.

Mr. KENNEDY. In 1923 he was convicted, convicted again in 1931, and convicted in 1941?

Mr. SCHULTZ. That is correct.

Mr. KENNEDY. How much money has he received?

Mr. SCHULTZ. A total salary of \$24,467.67.

Mr. KENNEDY. And he has been identified as attending the funeral of Louis Campagna?

Mr. SCHULTZ. That is right.

Mr. KENNEDY. And Tom Morgano, the one identified as offering the bribe in Porter County, was he also on the payroll?

Mr. GOTSCH. He started January 1, 1950, and worked until December 31, 1954.

Mr. KENNEDY. How much money did he receive?

Mr. GOTSCH. \$29,050.

Mr. KENNEDY. We have heard about him. He has a large number of arrests and several convictions, does he not?

Mr. GOTSCH. Right, sir.

Mr. KENNEDY. We have gone into his operations. What about Carlo Colianni?

Mr. GOTSCH. He was employed on January 1, 1950, and still works there. That is, for the association.

Mr. KENNEDY. And he is a partner, is he not, in the C. & B. Meat Purveyors?

Mr. GOTSCH. With James Allegretti.

Mr. KENNEDY. And that operation has already been identified before the committee?

Mr. GOTSCH. Right, sir.

Mr. KENNEDY. He also has business interests with Anthony Pinelli in the North Side Grape Distributors?

Mr. GOTSCH. Yes.

Mr. KENNEDY. How much money has he received?

Mr. GOTSCH. \$67,417.40.

Mr. KENNEDY. Does he keep pretty good harmony there in Chicago?

Mr. ALIOTTA. He never tried to shirk his duty and he never started any trouble. Harmony is what we want and that is what those fellows have been trying to do, and they have done.

Mr. KENNEDY. I will bet they have.

Mr. ALIOTTA. If those fellows who are there are what these allegations are, I am sure somebody has to quit or I will quit.

Mr. KENNEDY. How about Sam Moretti?

Mr. GOTSCH. Yes, sir. His employment began on April 1, 1957. For the years of 1957 and 1958 he has received \$16,199.20.

Mr. KENNEDY. And is he still on the payroll?

Mr. GOTSCH. That is correct, sir.

Mr. KENNEDY. Isn't it correct that he was booked at the 35th District Police Station in Chicago, Ill., on May 7, 1959, for assault with intent?

Mr. GOTSCH. That is right.

Mr. KENNEDY. And isn't it correct that the charge was later reduced to assault and battery, but there is a warrant outstanding for his arrest?

Mr. GOTSCH. Yes.

Mr. KENNEDY. Does he show up at your office every Wednesday?

Mr. ALIOTTA. Yes.

Mr. KENNEDY. The police might go over there and pick him up, then.

Mr. SCHULTZ. It might be added that at the time of his arrest, he also said he was a bartender and didn't claim any association with the Master Barbers.

Mr. KENNEDY. How about Joseph Gruttadauro?

Mr. GOTSCH. He began his employment on January 1, 1958, and that year earned \$4,870.10. He is currently employed there at a salary double, in March 1959, from \$350 a month to \$700.

Mr. KENNEDY. So the ones that have records are Carlo Colianni, George Dicks, Frank Zizzo, Pete Serio, Tom Morgano, Joseph Gruttadauro, and Anthony Gruttadauro. He was on the payroll for a short time.

Mr. GOTSCH. He was on and they crossed his name off. Apparently he was not paid, but he was on the payroll records of the association.

Mr. SCHULTZ. He may have been paid in cash, but not in check.

Mr. KENNEDY. Those people are all close associates of Anthony Pinelli?

Mr. SCHULTZ. They are.

Mr. KENNEDY. How much did the special investigators receive from 1949 to 1958? I understand there are three others who don't have records, is that right, or are there that many?

Mr. GOTSCH. Joseph Gruttadauro does not.



Mr. KENNEDY. Well, records or associations.

Mr. SCHULTZ. That is right.

Mr. KENNEDY. Are there individuals who are working as special investigators who do not have records or who are not associated?

Mr. GOTSCH. Yes, sir.

Mr. KENNEDY. Well, we don't have to put their names in, but how many of them are there?

Mr. GOTSCH. Three.

Mr. KENNEDY. From the period 1949 to the present?

Mr. GOTSCH. Yes.

Mr. KENNEDY. They have had 11 special investigators——

Mr. GOTSCH. I am sorry. It is four. Seven out of eleven have records; four do not.

Mr. KENNEDY. Have records or have associations?

Mr. GOTSCH. Have records. Eight out of the eleven have associations and records.

Mr. KENNEDY. And seven have records?

Mr. GOTSCH. That is right, sir.

Mr. KENNEDY. How much did these special investigators, all of them, receive from 1950 to the present time?

Mr. SCHULTZ. \$224,282.63.

Mr. KENNEDY. The seven that have records, can you give us roughly how much they received?

Senator MUNDT. Let them tabulate it and put it into the record at this point, if it requires additional computations.

(The material to be furnished follows:)

Colianni.....	\$67, 417. 40
Dicks.....	35, 876. 60
Moretti.....	16, 199. 20
Morgano.....	29, 050. 00
Serio.....	24, 467. 60
Ventura.....	8, 878. 80
Zizzo.....	19, 441. 60
Total.....	201, 331. 20

Mr. KENNEDY. That is all.

Senator MUNDT. You may step aside.

Mr. KENNEDY. Thank you, Mr. Aliotta.

Mr. ALIOTTA. Thank you, sir.

Senator MUNDT. Inasmuch as this concludes this portion of the proceedings, I will read this statement of Senator McClellan:

The committee today concludes its hearings into activities in Lake County, Ind. This hearing has unfolded a story which serves to illustrate the disastrous consequences for a community which allows itself to come under the control of corrupt elements.

As the testimony clearly showed, Local 1 of the Coin Machine and Repairmen's Union was gradually forced out of business through the operations of illegal pinball machines controlled by two major syndicates which the testimony strongly indicates were under the protection of the Lake County prosecutor's office.

Mr. Metro Holovachka, while prosecutor of Lake County, obviously aided and abetted these two pinball syndicates to achieve a monopoly in this field in the Lake County area. There can be no doubt that his office was used to force independent pinball operators out of business in order to assure the success of the syndicate's control by Mr. Welbourn and Mr. Sohacki and Mr. Schaefer and Mr. McDonald.

The stubborn refusal of Mr. Holovachka to cooperate with this committee, I am convinced, is a clear violation of his trust as a public official. His most peculiar attitude and conduct, and his testimony before the committee, can lead to no other logical inference than that he was an operating part of the criminal syndicate which conducted vice and gambling in Lake County, Ind.

It is historic that where law enforcement falls down it is an open invitation to hoodlums and racketeers to move in and operate. That this occurred in Lake County, Ind., is clear from the evidence, in relation not only to the pinball syndicate, but also in connection with the activities of such Chicago syndicate-backed hoodlums as Anthony Pinelli, John Formusa, and Frank Zizzo.

The brazen efforts of the Chicago syndicate to further expand its activities into Porter County, Ind., through an attempted bribe of a public official is another indication of the consequences of unchecked gambling and vice operating under the protection of corrupt public officials.

It is to be hoped that the disclosures made by the committee in the course of this series of hearings will prompt and encourage the good citizens of Lake County, Ind., to take appropriate and effective action to rid their community of these elements, including the removal and replacement of those public officials who have been unfaithful to their trust and responsibility.

That concludes the statement by Senator John McClellan, and the acting chairman who would certainly like to associate himself with the hope that the good people of Indiana, especially of Lake County and Gary, take the action which is clearly indicated, to rid their area of this pestilence.

Are there any other comments?

Mr. KENNEDY. I just want to thank, on behalf of the committee, the investigators who participated in the investigation: Mr. LaVern J. Duffy, Mr. James J. P. McShane, Mr. John J. Thiede, Mr. Carl M. Schultz, Mr. Gerald Gotsch, Miss Mildred Thomas, and Miss Ethel Appel, who worked extremely hard in Gary, Ind.; Mr. Theodore Simon, Mr. John D. Williams, Mr. James F. Mundie, and Mr. Pierre E. G. Salinger.

I would like to point out particularly for commendation the efforts of Mr. Richard Sinclair, Mr. Chairman, without whose perseverance and courage in a very difficult situation this investigation would not have been conducted.

We are particularly grateful to him and, of course, the people from the General Accounting Office generally who have been of such assistance.

Senator MUNDT. Very well. The Chair will announce this phase of the hearings concluded.

(Members of the select committee present at time of recess: Senators Mundt and Curtis.)

(Whereupon, at 1 p.m., the select committee recessed, to reconvene at the call of the Chair.)

*118-11*  
*118-11*  
 National Union of  
 Automatic Equipment & Coin Machine Operators Service & Repairmen

### APPLICATION FOR MEMBERSHIP

Desiring to become a member of the National Union of Automatic Equipment and Coin Machine Operators Service and Repairmen, I hereby make application for admission to membership and authorize such Union to be my exclusive collective bargaining representative. I further agree to conform to the constitution, laws, rules and regulations of the above named Union.

Name *Edward J. Schenk* Soc. Sec. No. *55-2983*  
 Street address *4535 Euclid Ave* Telephone *55-2983*  
 City *East Chicago* ( ) State *Indiana*  
 Birth date *Jan 27 1916* Birth Place *Indianapolis*  
 Signature of applicant *Edward J. Schenk*  
 Secretary *Edna Gento*

SEAL:

Date

*April 1952*  
*Local Union No. 1*

## APPENDIX

EXHIBIT No. 12A

*National Union of  
Automatic Equipment & Coin Machine Operators Service & Repairmen*

## APPLICATION FOR MEMBERSHIP

Desiring to become a member of the National Union of Automatic Equipment and Coin Machine Operators Service and Repairmen, I hereby make application for admission to membership and authorize such Union to be my exclusive collective bargaining representative. I further agree to conform to the constitution, laws, rules and regulations of the above named Union.

Name *Frank Rizzo* Soc. Sec. No. *323-12-1773*

Street address *4312 PAUL ROAD* Telephone

City *EAST CHICAGO* ( ) State *INDIANA*  
zone

Birth date *APRIL 8, 1922* Birth Place *CHICAGO, ILL.*

*Frank Rizzo*  
Signature of applicant

SEAL:

*J. Thexton*  
Secretary

Date *December 1932*

*Local Union No. 1*

WV 183 National Union of  
Automatic Equipment & Coin Machine Operators Service & Repairmen  
TRANSFERRED FROM LOCAL 41

Desiring to become a member of the National Union of Automatic Equipment and Coin Machine Operators Service and Repairmen, I hereby make application for admission to membership and authorize such Union to be my exclusive collective bargaining representative. I further agree to conform to the constitution, laws, rules and regulations of the above named Union.

Name Frank Anger Soc. Sec. No. 323-12-1773  
 Street address 39106 Lexington Va 6 7149  
 City Chicago ( ) State Ill.  
 Birth date April - 8 - 1937 Birth Place Chicago - Ill.  
 Signature of applicant Frank Anger  
 SEAL: 1 Secretary R. J. Caruthers  
 Date 6-7-55

**Signature of applicant**

Secretary

Page 1-53

No 3214

19-443  
1911

DATE June 9 1954

PAY TO THE  
ORDER OF

Joe Date

\$ 500.00

Five Hundred Dollars

DOLLARS

THE BANK OF SIERRA MADRE

INCORPORATED IN CALIFORNIA

50-466  
1953  
BANK OF SIERRA MADRE, CALIF.

Signature of Linelli

Know Your Endorser - requires identification

C.W. BENTLEY CO. 1950-54

Joe Date  
PAY TO THE ORDER OF  
4758 The Mid-City National Bank of Chicago  
BANK'S and JOE'S TOWN TAVERN and PIZZERIA 4758

13 1st STREET 94103 10-12

MOVIE TOWN NOTE

5910 Hollywood Boulevard  
HOLLYWOOD 9-2766  
HOLLYWOOD, CALIFORNIA

No. 3216

90.666  
1222

DATE June 9 1957

PAY TO THE  
ORDER OF

James Marked  
Twelve Thousand Five Hundred

\$ 12,500<sup>00</sup>/<sub>100</sub>

DOLLARS

THE BANK OF SIERRA MADRE

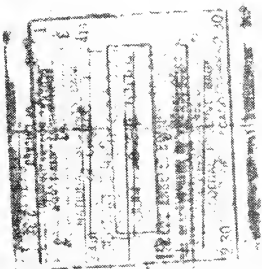
COMMERCIAL SAVINGS

SIERRA MADRE, CALIF.

90.666  
1222

Robert F. Lindell  
Know Your Endorser, Secure Satisfaction

U.S. PATENT OFFICE FORM 412



(81)

James Marked

60800

EXHIBIT No. 16C

MOVIE TOWN MOTEL  
2920 Hollywood Boulevard  
HOLLYWOOD 9-2160  
HOLLYWOOD, CALIFORNIA

No 3217

60-586  
1922

DATE June 9 1957

PAY TO THE  
ORDER OF

*Sam Siano*

\$ 5,000.00

*Five Thousand Dollars*

DOLLARS

THE BANK OF SIERRA MADRE

COMMERCIAL - SAVINGS

60-586  
1922

SIERRA MADRE, CALIF.

*Signature: A. Pelli*

Know Your Endorser Requires Identification

U. S. GOVERNMENT PRINTING OFFICE: 1950

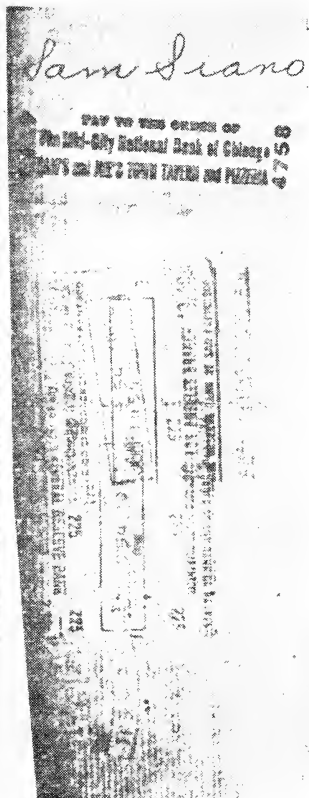




EXHIBIT No. 20

To *OK*

Date

Time

*While You Were Out*

Mr.

of

Phone

	Telephoned	Please call him	
	Called to see you	Will call again	
	Wanted to see you	Returned your call	

Message

Received by

X





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